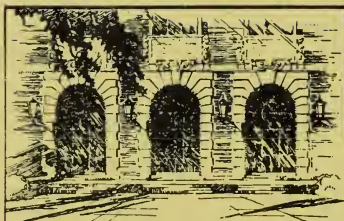


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75<sup>TH</sup> ANNUAL REPORT  
OF THE  
INTERSTATE COMMERCE  
COMMISSION



FISCAL YEAR ENDED JUNE 30, 1961



UNITED STATES  
GOVERNMENT PRINTING OFFICE  
WASHINGTON : 1961

# INTERSTATE COMMERCE COMMISSION

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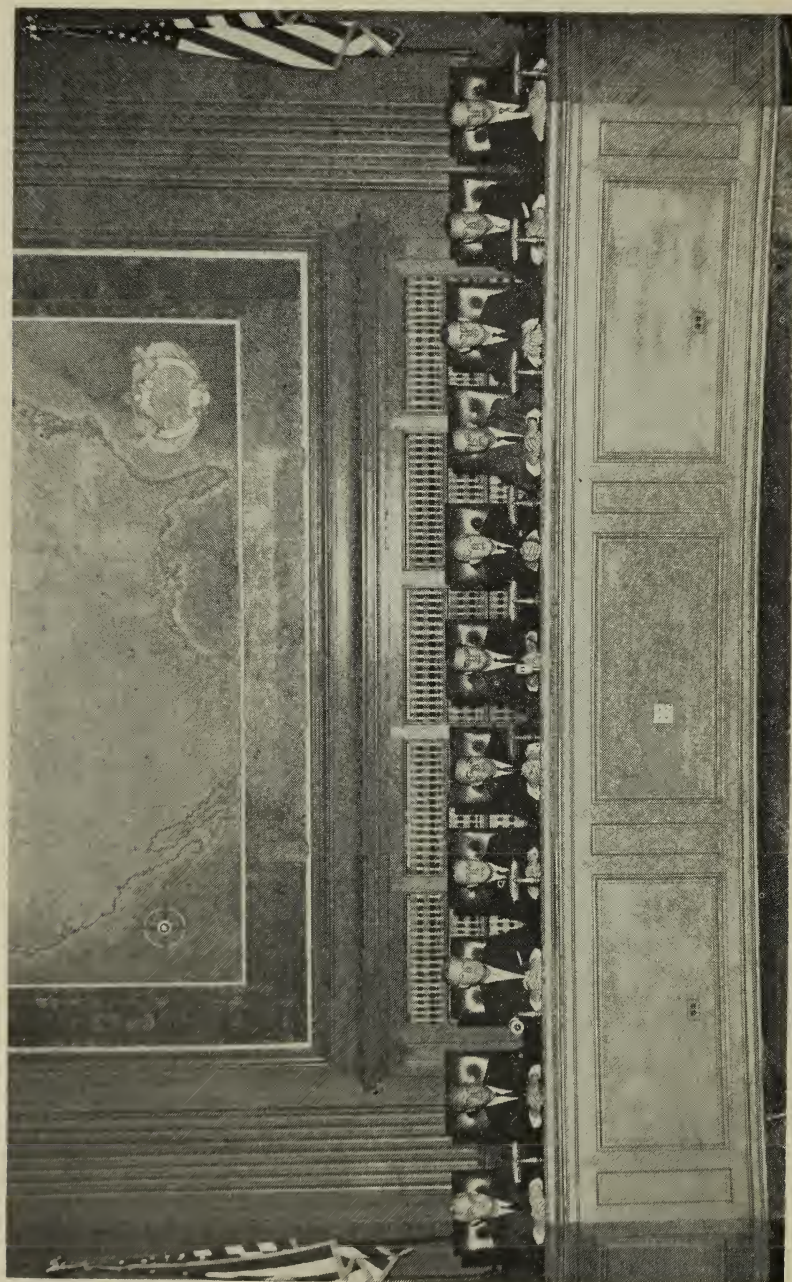
EVERETT HUTCHINSON, *Chairman*  
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JOHN W. BUSH  
WILLIAM H. TUCKER

HAROLD D. MCCOY, *Secretary*

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Interstate Commerce Commissioners (left to right) Bush, Webb, McPherson, Tugge, Murphy (Vice Chairman), Hutchinson (Chairman), Freas, Walrath, Goff, Herring, and Tucker.

# REPORT OF THE INTERSTATE COMMERCE COMMISSION

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WASHINGTON, D.C., *December 31, 1961.*

*To the Senate and House of Representatives:*

The Interstate Commerce Commission submits herewith its 75th annual report to the Congress. A statement of appropriations and aggregate expenditures for the fiscal year ended June 30, 1961, is contained in appendix E to this report.

With important exceptions, the other material in the report also deals with the period between July 1, 1960, and June 30, 1961. The exceptions mainly are the references to legislative actions by the last Congress and legislative recommendations for consideration by the next Congress.

Highlights of the year in transportation are summarized below, immediately following the chapter, "Commission Reorganization." Thereafter, more detailed discussions of activities of the carriers and the work of this Commission are given in chapters devoted to the major subjects in the field of transportation.

## COMMISSION REORGANIZATION

Various continuing studies of the Commission's organization, procedures, and management which have been underway at the Commission came to a focus as 1960 ended. After considered evaluation we began a series of organizational and procedural changes in the first days of 1961 designed to expedite and improve the quality of decisions. The changes, additionally, were designed to increase the level of direct participation and assumption of responsibility by Commissioners with respect to the more important matters coming before us, and to weld the Commission into the coordinated and efficient instrument that is required in order to cope with the growing list of new problems of the dynamic industry it regulates.

The basic factor which has required the changes is the substantial expansion of the volume of work of the Commission in several areas. The continuing economic growth of the Nation, the new regulatory duties assigned to us by amendments to the acts which we administer, and the increasing competition among carriers all have contributed to create an immense workload.

The effect of this increase in volume can best be appreciated by a review of the assignments of Commissioners prior to the current reorganization. Except for the Chairman, each member served on at least one of the four divisions which, on Division 1, for example, would involve the consideration in any given year of more than one thousand formal proceedings. Additionally, each member participated in the disposition of the appeals taken from division decisions which would normally involve consideration at Commission level of more than one-third of all the proceedings handled by the four divisions. Superimposed on this formal proceeding workload, action was required to be taken on any number of procedural and informal matters as well as the variety of administrative duties arising from a member's position as reporting Commissioner for one of the bureaus of the Commission.

Coupled with the expansion in the workload of the Commission, there has been an increasing accent upon the basic, long-range problems of transportation which have been studied and discussed at length, and for which solutions must be found if this country is to have an efficient, adequate and financially sound transport system in the years ahead. Among others, they include the growth of private carrier and "gray area" competition with the regulated carriers; the railroads' heavy losses from passenger and particularly commuter business; and the long-recognized need for railroad mergers to do away with costly excess facilities. Other factors exist, and still others are alleged by the carriers to exist.

Various changes in the manner in which we conducted our affairs seemed desirable. This, of course, was recognized not only within the Commission, but by others as well, for in making the changes we have had the benefit not only of our own continuing review of organization and procedure, but also the benefit of many studies and proposals, some solicited and some entirely voluntary, recommending a myriad of proposals. It is doubtful that any area of Government has ever received the scrutiny that has been the lot of the regulatory agencies in the last several years. These studies have merited and received our close attention.

In November 1959, we asked a selected group of practitioners, each of whom had several years of experience in practice before us, to serve on a special advisory committee to study the Commission's organization and procedures, and submit recommendations. In April 1960, the firm of Booz, Allen and Hamilton, of Chicago, under a contract with the Bureau of the Budget, began a management study of the Commission's organization.

Both groups submitted recommendations in November 1960, and each Commissioner promptly began an intensive study of their find-

ings, along with proposals made as a result of other studies. The latter included the recommendations of James M. Landis, special assistant to the President, of the staff study directed by General John P. Doyle for the Senate Commerce Committee, of the Legislative Oversight Subcommittee of the House Interstate and Foreign Commerce Committee, and of the Commerce Department.

We also established a special staff committee, which included the Commission's Managing Director, Secretary, General Counsel, and the head of the bureau or bureaus concerned with each of the different recommendations. These staff experts made a careful analysis of several of the proposals and gave us their views.

We then made several organizational and procedural changes, beginning early in 1961, which, stated briefly:

1. Strengthened the role of the Chairman.
2. Created the new office of Vice Chairman.
3. Reduced the number of divisions from four to three.
4. Eliminated the "reporting Commissioner" concept, relieving seven Commissioners of certain administrative responsibilities.
5. Directed the seven regulatory bureaus to report to the Chairman through the Vice Chairman.
6. Delegated authority to the Vice Chairman to institute formal docket investigations arising out of the work of the seven regulatory bureaus.
7. Adopted a procedure for assigning responsibility for important cases to individual Commissioners.
8. Limited the right of appeal to the entire Commission.
9. Established 12 new employee boards to act for the Commission in nonadversary proceedings.
10. Delegated greater authority to staff members.

Stated thus briefly, these 10 points only suggest the broad scope of the changes and the far-reaching effects they are expected to have in the months and years ahead. All of them are part of a pattern to clarify and strengthen the lines of administrative direction and control of the many and varied functions of the Commission. To this end, we moved to strengthen the Chairman's position and created the post of Vice Chairman. Both are elected by the Commission for 1 calendar-year term. Both are relieved of all division assignments so they may devote more time to administrative matters.

The role of the Chairman as the principal executive officer of the Commission has been strongly emphasized. He will continue to act as correspondent and spokesman for the Commission in all matters that require an official expression of the Commission. He also is assigned general responsibility for the overall management and functioning of the Commission, including the formulation of plans and policies to

increase its effectiveness, and the development and improvement of the staff support necessary to carry out its duties and functions. In order that he may be able to discharge this responsibility, the Chairman has been delegated the functions of the Commission with respect to (1) the appointment and supervision of personnel employed under the Commission, except those in the immediate offices of Commissioners other than the Chairman, (2) the distribution of business among such personnel, and among administrative units of the Commission, and (3) the use and expenditure of funds.

Specific responsibility for correcting or preventing avoidable delays in any of our work also rests with the Chairman. To support him in this task, we have, among other things, created the post of Vice Chairman, who works closely with the Chairman at all times and serves as Acting Chairman in his absence.

The proceedings work then was assigned to the other nine Commissioners in three divisions, instead of the previous four, with three members each. Each of the three proceedings bureaus reports to the Chairman of the Commission through the Chairman of the division responsible for its work. The Secretary and General Counsel continue to report direct to the Chairman.

The Managing Director and the seven regulatory bureaus are linked directly to the Chairman by the single reporting channel represented by the Vice Chairman. They formerly had reported to the Commission through a Commissioner. Elimination of the "reporting Commissioner" concept also serves to free seven Commissioners from the administrative problems of the regulatory bureaus, giving them more time for the disposition of proceedings work.

Numerous specific duties were assigned directly to the Vice Chairman. They include authority to permit departures from the uniform accounting rules; approve publication of statistical releases; prescribe rates of depreciation; allow destruction of carrier records; grant exemptions to individual carriers from reporting and accounting requirements; approve research projects; and handle matters related to admission, disbarment, and suspension of practitioners. The Vice Chairman also was delegated authority to institute investigations on the Commission's own motion in most cases arising out of the work of the seven regulatory bureaus of the Commission.

One of the most significant aspects of these administrative changes is their complete departure from the reporting commissioner system we followed for so many years. Studies of the Commission have almost universally recommended a complete separation of adjudicatory functions from the executive or administrative work. The reporting commissioner concept, under which each staff director of a bureau was responsible directly to one Commissioner who, in turn,

reported to the Commission, was the principal barrier to such a separation. The reporting commissioner practice became vulnerable as a serious infringement upon the efforts of Commissioners in furtherance of their primary task of adjudication. Therefore, we believed the new arrangement would facilitate the exchange of information developed by the regulatory bureaus, provide for greater coordination of their efforts, and, in general, result in increased efficiency throughout this phase of the Commission's operations.

At the same time, the step made more feasible the move to assign opinion-writing responsibility to individual Commissioners. The cases in question are among those submitted to a division or the entire Commission for initial decision. Generally they are those cases in which exceptions are filed to hearing examiners' reports and recommended orders in orally heard proceedings. In such cases, which then require division or Commission action, the proceedings bureaus—Finance, Operating Rights, and Rates and Practices—assign report-writing responsibility to the dockets of individual Commissioners, on a rotation basis. Entire Commission or division cases which have been orally argued or which are reopened for reconsideration are assigned to individual Commissioners by the Chairman of the Commission or of the appropriate division.

It was recognized, however, that further relief for the Commissioners was needed to give them adequate time for the opinion-writing responsibility thus placed upon them. Much of the answer was found in a limitation on the right of appeal to the entire Commission, and in greater delegations of authority to staff members and employee boards.

The right to apply to the entire Commission for rehearing, reargument, or reconsideration of a decision, order, or requirement of a division was limited to those proceedings in which prior to, or at the time of issuance of a division's decision, the entire Commission, on its own motion, determines and announces that an issue of general transportation importance is involved.

In proceedings in which no such announcement has been made, but in which a division reverses, changes, or modifies a prior decision by a hearing officer or where the initial decision is made by a division, a petition to the same division for rehearing, reargument, or reconsideration of its decision will be received and will be considered and disposed of by such division in an appellate capacity and with administrative finality.

The action was expected to effect a reduction of 700 a year in the number of petitions to be considered by the entire Commission. It has been challenged, however, in the United States District Court for the Eastern District of Pennsylvania. The full benefit of the

anticipated reduction may have to await the conclusion of this litigation.

Delegations to the staff included principally the creation of 12 new employee boards, in addition to the 4 already in operation. The new ones are three Finance Boards, three Motor Carrier Boards, two Safety and Service Boards, a Released Rates Board, a Special Permission Board, and two Operating Rights Boards. Matters assigned to these boards are those which do not involve taking of testimony at a public hearing or submission of evidence by opposing parties in the form of affidavits. Decisions of the boards may be appealed to the appropriate division and the division's decision then is administratively final and not subject to review by the Commission.

The four employee boards established previously are the Suspension Board, Fourth Section Board, Temporary Authorities Board, and Transfer Board. Altogether the 16 boards were expected annually to handle more than 28,000 matters, many of which formerly required action by an individual Commissioner or a division.

Authority to make additional delegations to three-man employee boards was sought by our recommendation that section 17 of the act be amended to permit such boards to make decisions in cases in which a hearing has been held and which do not involve issues of general transportation importance, with the right of appeal to an appellate division whose decision would be administratively final. Such amendment was enacted.

In addition we delegated authority to the Director of the Bureau of Inquiry and Compliance to institute civil injunction proceedings in the name of the Commission in all cases where it has such authority under the Interstate Commerce Act. He also may make his own recommendations direct to the U.S. Attorney General for institution of civil injunction proceedings in any case where such authority is reserved to the Attorney General by the same act.

Earlier, we had delegated authority to the Director of the Bureau of Safety and Service to transmit evidence directly to U.S. Attorneys or the Department of Justice and request action for enforcement of the statutory provisions related to railroad safety, except the Locomotive Inspection Act.

Some other changes of a relatively minor nature were made but these 10 represented the first major steps in a continuing program to achieve the best possible management of our affairs, the earliest disposition of cases consistent with the rights of the parties, and the most efficient and equitable procedures. Studies still are being made, both within and outside the Commission, which are expected to lead to further improvements. Some of the recommendations before us, however, must await legislative action because they cannot be accomplished under present law.

## TRANSPORTATION HIGHLIGHTS

In April 1962, this Commission will hold special ceremonies in observance of its 75th anniversary. Among other activities, it will publish a supplement to this report which will condense the Commission's history since 1937 into one volume. That publication, in turn, will supplement an earlier history dealing with the first 50 years of Federal transport regulation which began with the Act to Regulate Commerce in 1887.

The transportation problem in that year was almost entirely a railroad problem. The stagecoach and the Conestoga wagon were fast disappearing, and domestic water transportation was limited to the natural waterways, the few canals, and the long trip around the Cape. This left the railroads with a virtual monopoly of intercity transportation, both of passengers and freight.

In less than 60 years, the railroads had made themselves indispensable to industry and agriculture, had proved of tremendous military value in the Civil War and in the winning of the West, and had built their lines clear across the continent, joining the 38 States in a vast, complex, and burgeoning commercial enterprise. But the very need for the service they provided demanded restraint in management that was foreign to the times. Unfair competitive practices, discrimination, favoritism, and monopolistic excesses brought them under Federal regulation.

The modern transportation problem is a collection of problems, some of which are common to all forms of transport but most of which are peculiar to one form alone. Today, highway transportation is an important and still-growing part of the transportation network. Public and private motor carriers now handle better than 22 percent of the total volume of intercity ton-miles. Inland waterways account for more than 15 percent and the oil pipelines more than 17 percent. The railroads' share of the total is down to about 45 percent. Intercity travel, once nearly all by rail, is divided four ways, with the lion's share—about 90 percent—going by private automobile. Of the remainder, roughly 4 percent is by air, and 3 percent each by bus and by rail.

Today's transportation problem, however, is far more than one of a loss of business by the railroads to their competitors. Indeed, using the absolute measure of intercity ton-miles rather than the relative measure of percentages, the railroads' volume is bigger now

than it was just prior to World War II. For the railroads, the problem is largely a double-barreled one involving the deficit operation of passenger services and the loss of traffic to private and unregulated for-hire carriers.

The latter has emerged as the principal problem for all public transportation.

#### THE NEW HAVEN INVESTIGATION

Failure of the New Haven railroad points up the passenger deficit problem. Our investigation of the carrier in No. 33332, *Passenger Fares—The New York, New Haven and Hartford Railroad Co.*, was initially concerned with increased commutation fares. The New Haven had proposed a 10-percent increase in certain passenger fares, principally commutation fares, to become effective February 4, 1960. Those fares were permitted to go into effect, but an investigation was instituted into their lawfulness.

In March 1960, by a supplemental order, an exhaustive investigation was begun for the purpose of determining, among other things, the New Haven's need for revenues to provide adequate and efficient service. The Bureau of Inquiry and Compliance was directed to participate, and hearings were assigned before a Commissioner and a hearing examiner. The recommended report was served November 11, 1960. Following exceptions and reply, our report, *Passenger Fares, New York, N.H. & H.R. Co.*, 313 I.C.C. 411, was issued March 31, 1961, on an interim basis in the belief that a prompt expression was desirable, "in view of the widespread current interest in this question and its bearing on proposed Federal and State programs of assistance \* \* \*." We concluded that the New Haven's passenger deficit was the primary cause of its financial difficulties, and that reorganization under section 77 of the Bankruptcy Act would not be an adequate solution to its problems. We indicated that a subsequent report would deal with the issues not directly related to the question of whether or not reorganization would cure the ills that beset the New Haven.

On July 7, 1961, the New Haven filed a petition for reorganization under the Bankruptcy Act with the District Court of the United States for the District of Connecticut. The court approved the petition as properly filed and appointed three trustees who were ratified by us on July 31, 1961. We issued our final report in the investigation on August 16, 1961, 314 I.C.C. 377, adopting the findings of fact and conclusions in the recommended report, except as modified, and recognizing the importance of mass transportation by rail as a necessary element in any program of urban and suburban planning.

We then recommended a program of direct Federal grants to preserve essential passenger services.

**THE COMMON CARRIERS' PLIGHT**

The same recommendation was made as 1 of the 10 points in a program which we presented to the Surface Transportation Subcommittee of the Senate Commerce Committee and which was designed to halt the steady rise in the volume of traffic handled by private and exempt carriers at the expense of the public carriers. We noted our objection to Federal aid as a long-term policy, but concluded that direct grants are necessary if essential passenger services such as those of the New Haven are not to be lost. The other points in the program could not be expected to affect the common carriers' balance sheets substantially for some time, but meanwhile the New Haven unquestionably was moving toward a physical liquidation.

Besides limited Federal aid, the program included these recommendations:

1. Limit application of the agricultural commodity exemption to one that would provide assistance only to farmers in transporting their products to local markets.
2. Repeal the dry-bulk commodity exemption but provide for "grandfather" rights.
3. Require agricultural cooperatives and shippers' associations to apply for an exemption from Federal regulation.
4. Make the civil forfeiture provisions applicable to unlawful operations and safety violations, and increase the amount of the forfeiture substantially, so as to enable the Commission to deal more effectively with "gray area" and unlawful operations such as "buy-and-sell" practices.
5. Allow a shorter life on depreciable property of railroads for Federal tax purposes, to assist the carriers in accomplishing necessary modernization.
6. Establish a construction reserve fund on the books of common carriers.
7. Amend section 22 so as to permit performance of transportation services for Federal, State, and municipal governments free or at reduced rates only in time of war or national emergency.
8. Repeal the Federal excise tax on passenger fares.
9. Amend the Federal tax laws to encourage local and State tax relief.

Just how serious the public carriers' position was becoming showed up in a Commission study which followed the trends in total intercity ton-miles from 1939 up to the present and then projected the data on to 1970. The study showed a decline in the common carriers' share of total intercity ton-miles from the 75.4 percent which they had in 1939 to only 67.5 percent in 1959.

More ominous were the projections of current trends to 1970. They forecast a decline in the common carriers' share to between 60.8 percent and 63.8 percent.

It was estimated, however, that enactment of the recommendations concerning exempt agricultural and dry-bulk commodities, and agricultural cooperatives, would increase the common carrier share to between 72.51 and 76.56 percent of the total by 1970. It also

was estimated that common carrier freight revenues would increase from \$15 billion in 1959 to between \$22 and \$24 billion in 1970 if the changes in the exempt commodity provisions were made, whereas the revenues would increase only to about \$20 billion without the changes.

### SERVICE AND FACILITIES

Service provided by carriers subject to our jurisdiction was adequate, on the whole, although there were the usual interruptions because of weather and work stoppages.

In general, the trends of recent years continued. The class I railroads' ownership of serviceable freight cars declined by nearly 56,000 and the ratio of unserviceable cars to total ownership was the highest since 1940. Ownership of specially equipped boxcars, covered hoppers, heavy-duty flatcars for TOFC service, and trilevel rack cars for new automobiles increased, but total ownership of freight cars of all types declined. No serious car shortages developed, however, and the relatively minor problems that did exist were localized.

There were further increases in the volume of trailer-on-flatcar service but the rate of growth slowed down considerably. Nearly all of the class I railroads—96 out of 107—were participating in trailer-on-flatcar tariffs.

Standards for containers were approved and issued jointly by the American Standards Association and the American Society of Mechanical Engineers. Previously adopted by the National Defense Transportation Association, they provide for a van container cross-section of 8 by 8 feet, and nominal length standards of 10, 20, 30, and 40 feet. International standards continued to be a difficult problem.

Motor carriers of property continued their growth, meeting service requirements of their shippers and seeking new ways to attract additional traffic. Emphasis was placed on better service through a variety of equipment improvements offered by the manufacturers and through the construction of new terminals. Operation of 98-foot units made up of a tractor, semitrailer, and full trailer, was authorized on the Indiana and Ohio turnpikes. Such units previously had been in operation on a turnpike route from Buffalo to Boston, as well as in the Western States.

The buslines carried fewer passengers but their revenues were up because of increases in passenger-miles, charter and special-service runs, volume of package express, and higher fares and express rates in some areas.

Service innovations among water carriers included the launching of the first U.S.-built oceangoing hydrofoil vessel; movement of boiling-

hot molten sulphur in a new tanker; and launching of a 6,000-ton barge for service between California and Alaska.

Also under consideration was an application to pioneer a barge service on the Red River using a shallow-draft, jet propelled tug. The vessel used in tests has a draft of only 8 inches, and can tow about 200 tons of laden barges. Its engine operates a hydrojet unit which forces water out of a nozzle at the rate of 3,000 gallons a minute at a 70-degree angle. A more powerful tug would be used in the proposed service.

Some freight forwarders moved to standardize container equipment by using 20-foot trailers for pickup and delivery service, and then locking two of them together for over-the-road service.

### CURRENT TRENDS

Although the trends as reported in the "Traffic and Earnings" chapter were not suprising, the relative extents of some changes were unexpected. The volume of traffic increased although revenues declined. Minor gains for some modes partially offset losses for others in the calendar year 1960 compared with 1959. Motor carriers, both of property and passengers, and oil pipelines had higher revenues while railroads and water carriers experienced losses in this period.

Rail ton-miles showed a small decrease, while motor carriers of property and pipelines had small increases, and water lines had a considerable increase.

But in the first half of 1961, with a recovery from the business recession well along before the half ended, freight revenues of the railroads declined 10.2 percent below the same period in 1960. All other types of revenue except mail also decreased, resulting in a 9.6 percent decline in the railroads' total operating revenues.

Predictably, the railroads with the more seriously depressed earnings were generally concentrated in the East. The operating ratio of 40 class I carriers in the eastern district was 88.2 percent in the first 6 months of 1961, compared with 81.8 in the same period of 1960.

For the country as a whole, the 107 class I railroads had an operating ratio of 81.4 percent in the first half of 1961, compared with 78.5 in the same period of 1960. Three carriers in the Pocahontas region had operating ratios of 73.8 and 67.2 percent in the two 6-month periods; 24 in the southern region had 78.6 and 77.5 percent; and 40 in the western district had 78.2 and 77.9 percent.

Current assets of the class I line-haul railroads also were down in the year ended June 30, 1961, below the prior year. They declined 10.4 percent to \$2,735 million from \$3,053 million.

The picture was somewhat better for motor carriers of property, although severe weather conditions combined with other factors to

give the class I intercity carriers their first deficit for a first quarter since 1958 and only the second in the post-war years.

For the first half of 1961 revenues of class I intercity carriers were \$2,335 million compared with \$2,398 million for the first half of 1960, a decrease of 2.6 percent. Expenses were \$2,255 million, 3.3 percent lower. The operating ratio decreased 0.7 percentage point to 96.6 percent and net income after taxes was \$29.8 million, up 50.1 percent.

Class I motor carriers of passengers had more intercity and charter business in the first half of 1961, as compared with the same period of 1960, but reported they carried fewer passengers in local and suburban service. Total operating revenues were \$278.8 million, a 3.9 percent increase over the same period in 1960, while total expenses were \$260.8 million, a 4.6 percent increase.

Reports of inland and coastal water carriers showed a decrease of 20.5 percent in revenue freight and of 10.0 percent in tons of revenue freight to \$121.0 million and 46.1 million tons, respectively, in the first half of 1961 compared with the same period a year earlier. Passenger revenues increased 4.0 percent to \$2.6 million, and the number of revenue passengers decreased 17.0 percent to 741,583 in the first half of 1961, compared with the same half in 1960. (Expenses are not reported in the quarterly statements of these carriers.)

Freight forwarders also recorded losses in the first half of 1961, although they were not substantial. Their transportation revenues were \$211 million, a decrease of 1.1 percent under the first half of 1960, and they had net income after taxes of \$1.9 million, 297 percent above the first half of 1960.

Transportation revenues of 72 oil pipeline companies having annual operating revenues of more than \$500,000 each amounted to \$362.4 million in the first half of 1961, an increase of 0.4 percent over the same period of 1960.

#### PROMOTION OF SAFETY

Fewer fatalities were reported by the railroads and motor carriers subject to our safety requirements, except in accidents at rail-highway grade crossings. The latter increased from 1,203 killed in the calendar year 1959 to 1,364 in 1960. Other fatalities from train service accidents decreased from 838 in 1959 to 734 in 1960.

Motor carriers reported 3.4 percent fewer deaths, although their vehicle-miles increased about 1 percent.

Both the railroad and motor carrier safety programs emphasized the need for better maintenance practices.

## TRAFFIC AND EARNINGS

The volume of traffic rose and earnings declined for domestic regulated carriers as a group during the period 1959–early 1961, which included recovery from the business recession of late 1957 and early 1958, the subsequent decline, and the recovery of 1961. The revenues for eight of the groups of carriers subject to the Commission's jurisdiction were \$19.5 billion in the calendar year 1959, \$19.3 billion in 1960, and \$18.8 billion in the 12 months ended June 30, 1961, as motor-carrier increases only partly balanced rail and water declines.

Total ton-miles of service increased somewhat as the moderate gains of motor carriers and pipelines in 1960 over 1959 were partly offset by small railroad losses, and water carriers, affected by the labor-management dispute in the steel industry in 1959, showed a sizable increase in ton-miles in 1960. Passenger-miles by the airlines and private automobiles increased and the long-term downward trend in rail and bus passenger traffic continued.

The table at page 15 shows intercity ton-miles and passenger-miles operated by public and private agencies of transport.

### OPERATING REVENUES, 1959–60

Changes in the revenues of some types of carriers were considerable. Railroads, which received the largest share of operating revenues, showed declines of 3.0 percent in 1960 and 7.8 percent in fiscal 1961 from the 1959 level. Railroad figures were augmented slightly by the addition of Alaskan, Hawaiian, and four electric railways not included in 1959. REA Express showed a small increase in calendar 1960 over calendar 1959 and a somewhat greater increase for the 12 months ended June 30, 1961. The decline in the number of electric railways continued with the abandonment of two lines during 1959. Four electric railways were changed in classification to class II line-haul railroads in 1960. Water lines, whose revenues declined moderately in calendar 1960 as compared with 1959, showed a decline of 10.7 percent in the 12 months ended June 30, 1961, in part because of the severe winter conditions that prevailed early in 1961. Pipelines, motor carriers of passengers, and motor carriers of property had increased revenues in both calendar 1960 and the year ended June 30, 1961, over the levels of 1959.

Revenues of freight forwarders and private car lines involved inter-company payments and to avoid duplications are not included in the table. The operating revenues of freight forwarders after payments

to carriers were \$132 million for the calendar year 1960 as compared to \$130 million for 1959. Operating revenues of private car lines amounted to \$493 million in 1960 and \$443 million in 1959.

*Operating revenues*<sup>1</sup>

|                                                 | Year ended<br>Dec. 31, 1959 | Year ended Dec. 31, 1960 |                                                    | Year ended June 30, 1961 |                                                    |
|-------------------------------------------------|-----------------------------|--------------------------|----------------------------------------------------|--------------------------|----------------------------------------------------|
|                                                 |                             | Amount                   | Percentage<br>change from<br>calendar<br>year 1959 | Amount                   | Percentage<br>change from<br>calendar<br>year 1959 |
|                                                 | <i>Thousands</i>            | <i>Thousands</i>         |                                                    | <i>Thousands</i>         |                                                    |
| Railroads <sup>2</sup> -----                    | \$10,206,584                | \$9,898,858              | -3.01                                              | \$9,408,494              | -7.82                                              |
| Railway Express <sup>3</sup> -----              | 247,387                     | 247,985                  | +0.24                                              | 251,400                  | +1.62                                              |
| Pullman Co.-----                                | 57,655                      | 55,877                   | -3.08                                              | 53,023                   | -8.03                                              |
| Electric railways <sup>4</sup> -----            | 24,504                      | 22,834                   | -6.82                                              | 22,147                   | -9.62                                              |
| Water lines <sup>5</sup> -----                  | 429,921                     | 427,408                  | -0.58                                              | 383,711                  | -10.75                                             |
| Pipelines (oil)-----                            | 765,232                     | 770,417                  | +0.68                                              | 772,777                  | +0.99                                              |
| Motor carriers of passengers <sup>6</sup> ----- | 630,839                     | 667,033                  | +5.74                                              | 678,460                  | +7.55                                              |
| Motor carriers of property-----                 | 7,144,950                   | 7,213,911                | +0.97                                              | 7,252,010                | +1.50                                              |
| Grand total-----                                | 19,507,072                  | 19,304,323               | -1.04                                              | 18,822,022               | -3.51                                              |

<sup>1</sup> Partly estimated. Some of the 1959 figures given in the 74th Annual Report have been revised.

<sup>2</sup> Includes line-haul and switching and terminal companies; Alaskan and Hawaiian included in 1960 only, \$9,684,429.

<sup>3</sup> After deducting payments to others for express privileges.

<sup>4</sup> Since December 31, 1959, four electric railways, with total 1959 revenues of \$2.7 million, have been reclassified as class II line-haul railways. The result is an overstatement of the electric railway decline and slight understatement of the railroad decrease.

<sup>5</sup> Includes only revenue from domestic traffic of carriers subject to the jurisdiction of the Interstate Commerce Commission.

<sup>6</sup> Does not include motor-carrier revenues of electric railways, included under electric railways.

### TRAFFIC DATA, 1959-60

The following table shows the reported and estimated freight ton-miles performed by the various types of intercity carriers, both public and private, for 1959 and 1960. Estimates of coastwise and inter-coastal deep sea water traffic as far as available are shown separately under "Sources."

Preliminary estimates for 1960 show little change from 1959 and are near the record figures of 1956 and 1957. The annual total of 1,330,927 million ton-miles for 1960 differs from the 1959 figure by a small decrease in rail ton-miles, small increases for motor carriers of property and pipelines, and a considerable increase for water lines. These figures reflect certain changes resulting from the admission of Alaska and Hawaii to the Union. Data for Alaska and Hawaii have been added to the 1960 highway ton-miles on a preliminary basis, and for both States to 1960 rail ton-miles. Pipeline data remain on the same basis as in previous years, including Alaska and Hawaii. Ton-miles for waterways, as before, include the negligible Alaskan and Hawaiian inland traffic. Open ocean traffic, which is important for these new States, is omitted from the waterborne ton-miles. Air figures have been changed to cover domestic operations within the territory of the United States. They omit "International and Territorial" which encompass operations to or from, or between,

points outside the territory of the United States and operations between United States points separated by foreign territory or major expanses of international waters. As far as possible, differences are indicated in footnotes appended to the table.

*Volume of intercity traffic, public and private, by kinds of transportation* <sup>1</sup>

| Agency                                                                                          | Ton-miles       |                 |                           |         | Passenger-miles |                 |                           |         |
|-------------------------------------------------------------------------------------------------|-----------------|-----------------|---------------------------|---------|-----------------|-----------------|---------------------------|---------|
|                                                                                                 | 1959            | 1960            | Percentage of grand total |         | 1959            | 1960            | Percentage of grand total |         |
|                                                                                                 |                 |                 | 1959                      | 1960    |                 |                 | 1959                      | 1960    |
|                                                                                                 | <i>Millions</i> | <i>Millions</i> |                           |         | <i>Millions</i> | <i>Millions</i> |                           |         |
| 1. Railroads and electric railways, including express and mail.....                             | 582, 497        | 579, 130        | 44. 97                    | 43. 51  | 22, 373         | 21, 574         | 3. 04                     | 2. 86   |
| 2. Motor vehicles; <sup>2</sup> Motor carriers of passengers.....                               |                 |                 |                           |         | 20, 364         | 19, 896         | 2. 76                     | 2. 63   |
| Private automobile.....                                                                         |                 |                 |                           |         | 659, 435        | 677, 589        | 89. 50                    | 89. 74  |
| Motor transportation of property.....                                                           | 288, 519        | 299, 393        | 22. 27                    | 22. 50  |                 |                 |                           |         |
| Total motor vehicle.....                                                                        | 288, 519        | 299, 393        | 22. 27                    | 22. 50  | 679, 799        | 697, 485        | 92. 27                    | 92. 37  |
| 3. Inland waterways, including Great Lakes.....                                                 | 196, 559        | 223, 000        | 15. 17                    | 16. 76  | 2, 026          | 2, 068          | 0. 27                     | 0. 27   |
| 4. Pipelines (oil) <sup>3</sup> .....                                                           | 226, 991        | 228, 626        | 17. 52                    | 17. 18  |                 |                 |                           |         |
| 5. Airways (domestic revenue and pleasure and business flying, including express and mail)..... | 739             | 778             | 0. 057                    | 0. 058  | 32, 566         | 33, 958         | 4. 42                     | 4. 50   |
| Grand total.....                                                                                | 1, 295, 305     | 1, 330, 927     | 100. 00                   | 100. 00 | 736, 764        | 755, 085        | 100. 00                   | 100. 00 |

<sup>1</sup> Some revisions have been made in the 1959 data presented in the 74th Annual Report, and parts of the 1959 and 1960 data are still preliminary.

<sup>2</sup> Schoolbus data are excluded.

<sup>3</sup> Includes refined products and crude oil, with an allowance for gathering lines.

Sources: (Paragraphs below are numbered to correspond with items in table.)

1. Reports to the Interstate Commerce Commission. Electric railway ton-miles and passenger-miles estimated on the basis of revenue. Does not include nonrevenue ton-miles which amounted to 15,723 millions in 1960 and 16,850 millions in 1959, for class I railroads.

2. Highway ton-miles estimated on the basis of Bureau of Public Roads data for main and local rural roads, mileages of routes in rural and urban areas, and on Department of Agriculture data on farm consumption. Alaska and Hawaii are included. Passenger-miles in private automobiles estimated on basis of data from the Bureau of Public Roads on rural and intercity travel and from average load data. Motor carrier passenger-miles based on Public Roads and Interstate Commerce Commission data. As processing of certain data is not complete, highway estimates herein for 1959 and 1960 should be regarded as preliminary. Because of changes in base beginning with 1957, estimates for that year published in the 73d Annual Report, estimates for 1958 and 1959 in the 74th Annual Report, and the above estimates for 1959 and 1960 for motor carriers of passengers, and for private automobiles for 1957-58 in the 73d and 74th Annual Reports are not comparable with estimates published for prior years.

3. Ton-mile data from Office of Engineers, U.S. Army. Data for 1960 are preliminary estimates. Does not include most coastwise and intercoastal ton-miles, estimated at (millions) 309,290 in 1955, 306,815 in 1956, 299,915 in 1957, 304,770 in 1958, and 313,749 in 1959, based on data from the U.S. Maritime Administration and computations of the Commission's Bureau of Transport Economics and Statistics. These estimated ton-miles include movements between the mainland and Alaska, Hawaii, Puerto Rico, and other water-separated areas, which amounted to (millions) 27,279 in 1955, 27,349 in 1956, 26,824 in 1957, and 38,154 in 1958. There is a small amount of duplication between these and the waterborne ton-miles in the table. Revisions are involved in data presented in the 74th Annual Report. Data for 1960 are not available. Figures in the table include Alaskan and Hawaiian domestic but not deep sea ton-miles.

4. Interstate Commerce Commission, Bureau of Mines, and other data.

5. Based on Civil Aeronautics Board statistics, Federal Aviation Agency surveys, and other data. Covers domestic except movements over international waters or foreign countries. These figures, as they include, for example, Alaskan and Hawaiian, are not comparable with data in previous Annual Reports. The comparable figures for previous reports were 646 million ton-miles and 32,366 million passenger-miles in 1959.

Preliminary motor transportation ton-mile data, including both private and for-hire, indicate that the previous record of 1959 has been surpassed. The water carriers regained about 26 billion ton-miles, although this figure is preliminary. Pipeline traffic also increased. Air ton-miles as reported on the new basis show an increase. Air figures, if shown on the old basis, would have indicated a record high level in 1960, but they remain a fraction of a percent of total ton-miles.

Intercity passenger-miles, also shown in the table, again reached a new high in 1960 because of increases in travel by air and by private automobile. The private automobile, with about 90 percent of the total, remained the predominant factor in intercity passenger traffic. Railroads and motor carriers of passengers again showed decreases, which amounted to 3.6 and 2.3 percent, respectively, below 1959. The preliminary bus figures shown are not comparable with pre-1957 data. Water carrier passenger-miles, which continued to be a small part of the total, increased. The shares of total passenger-miles for private automobiles and air increased in 1960 over 1959 but all others decreased or remained the same.

**LONG-TERM TRENDS: TON-MILES, 1939-60; PASSENGER-MILES, 1949-60; AND REVENUES, 1947-60**

The distribution by kind of carrier of intercity ton-miles for 1939 through 1960, passenger-miles for 1949 through 1960, and revenues for 1947 through 1960 are shown in the charts which follow.

Another chart shows a comparison of waterborne ton-miles in three groups. The first comprises the deep sea domestic movements (coastwise, intercoastal, and 2 American areas separated from the 48 contiguous States); next is in the Mississippi River system; and last the Great Lakes. The estimates of deep sea ton-miles were computed by the Commission's Bureau of Transport Economics and Statistics from data supplied by the United States Maritime Administration. Characteristic of these trades is that each is dominated by relatively few commodities. Domestic deep sea and Mississippi River traffic present relatively smooth trends as compared with data for the Great Lakes.

Another chart compares the Federal Reserve Board index of industrial production, the index of gross national product less services, and an index of intercity ton-miles. Each series is based on 1939. The trends are roughly similar even though the production index does not include imports and agricultural products which are reflected in the national product series and, when transported, in the index of ton-miles.

Ton-miles as a measure of transportation service combine the factors of weight and distance but necessarily cannot take into account reliability, speed, convenience, consist of traffic, and other matters of economic importance. For example, in regard to circuitry, the distance from New Orleans to St. Louis is 685 miles by rail, from airport to airport 607 miles, by the Mississippi River 1,051 miles, and by highway 705 miles. Ton-miles fail also to reflect the service conveniences such as the location of terminals in relation to shippers' or consignees' places of business.

The revenues per ton-mile and revenues per passenger-mile by the various means also show wide variations. Thus, in 1959 the average revenue per ton-mile by rail was 1.459 cents, by pipelines, 0.314 cents, and by class I intercity motor common carrier, 6.277 cents. Respective figures for 1947 were 1.085, 0.292, and 4.847 cents. Water and air figures are not readily available. Differences in consist of traffic are indicated by these figures as well as operating characteristics. In 1959, revenues per passenger-mile ranged from 2.59 cents on regular route schedules for intercity class I motor carriers, through 2.77 cents for class I rail coach, to 5.87 cents for scheduled domestic airlines. The respective average passenger-mile revenues for 1949 were 1.84, 2.41, and 5.76 cents.

Data on a reasonably comparable basis available for passenger-miles cover the much shorter period 1949-60, and recent data for motor carriers of passengers have involved changes that make them noncomparable with the first years of the period. Nevertheless, it is evident that airlines in the period have moved to first place in revenue passenger-miles, whereas in the earlier years, buses and railways were well ahead. The volume of passenger service by water carriers is relatively minor, but the service is important in such areas as Puget Sound and offshore New England islands.

The dominant factor in the passenger field continues to be the private automobile which supplies about nine-tenths of the total intercity passenger-miles by all means of transportation. The effects which the interstate system of highways now building may have on the future distribution of intercity passenger travel cannot as yet be predicted. Thus far only the air-carrier group has shown significant expansion in total of revenue passenger-miles.

Though there is some indication that institution by carriers of new services and new fares has resulted in some diversion from private automobiles, the opening of new highway facilities has been definitely reflected in lower for-hire patronage. In general, except for air

travel, the shift from for-hire to private automobile is statistically apparent.

The shift toward the lower fare operations continued. Thus, in scheduled service air operations, first class domestic passenger-miles dropped from 17.0 billion to 16.1 billion while coach passenger-miles for the same airlines increased from 12.2 to 14.4 billions between the calendar years 1959 and 1960. With rails, the decline continued to be greater in parlor and sleeping car than in coach service passenger-miles. No data are available for "luxury" as distinguished from regular bus service.

While the general movement of combined passenger and freight revenues of the carriers subject to the Commission's jurisdiction has had a general upward trend since 1947, there have been wide variations from year to year, ranging to more than \$1.5 billion from the highest to lowest years. The variation for the largest single group, the railroads, has been from \$8.9 billion in 1949 to over \$11 billion in 1953 in the period of years covered. Revenues of motor carriers of property, second largest through the period, have ranged from \$2.2 billion in the first year, 1947, to over \$7 billion in the last 2 years. Oil pipelines, now the third largest group, had revenues of about three-quarters of a billion dollars, or well over twice their revenues at the start of the period. Water lines, although still under half a billion dollars, have also shown substantial increases although recent revenues have been lower than in the peak year, 1956. Motor carriers of passengers have shown the least variation percentagewise during the period with the highest figure about 20 percent above the lowest.

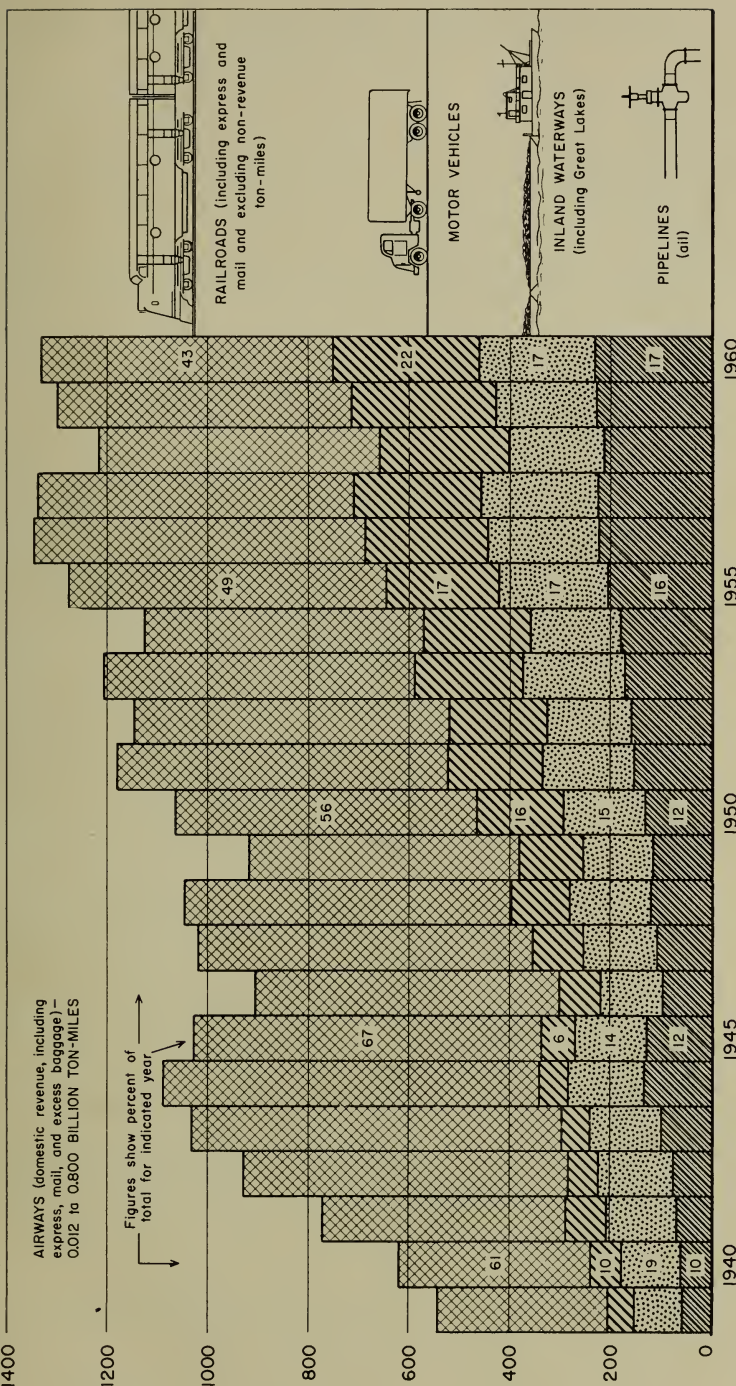
Relatively, declines in revenue have been greatest in the electric railway group, although part of the decline has resulted from transfer of carriers to the category of line-haul railways. There have been also a number of complete abandonments in this group, and one of the largest remaining of these carriers has applied for complete abandonment. Pullman Company revenues have declined continuously since 1952 with revenues in 1960 less than half of those in 1947. The decline in patronage has been greater than the decline in revenue because of increases in fares. REA Express had its highest revenues in the first 2 years of the period 1947 to the present, but its revenues have followed a fluctuating course since that time with the low point in 1950. The highest revenues since 1950 were reached in 1958; revenues since that time have been not greatly lower and recently have shown improvement.

# INTERCITY TON-MILES, PUBLIC AND PRIVATE, BY KINDS OF TRANSPORTATION, 1939-1960

BILLION TON-MILES

AIRWAYS (domestic revenue, including express, mail, and excess baggage) - 0.012 to 0.800 BILLION TON-MILES

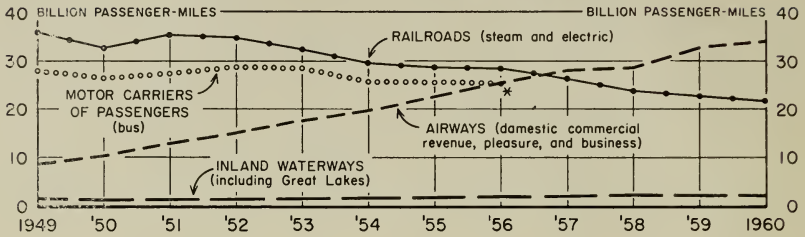
Figures show percent of total for indicated year



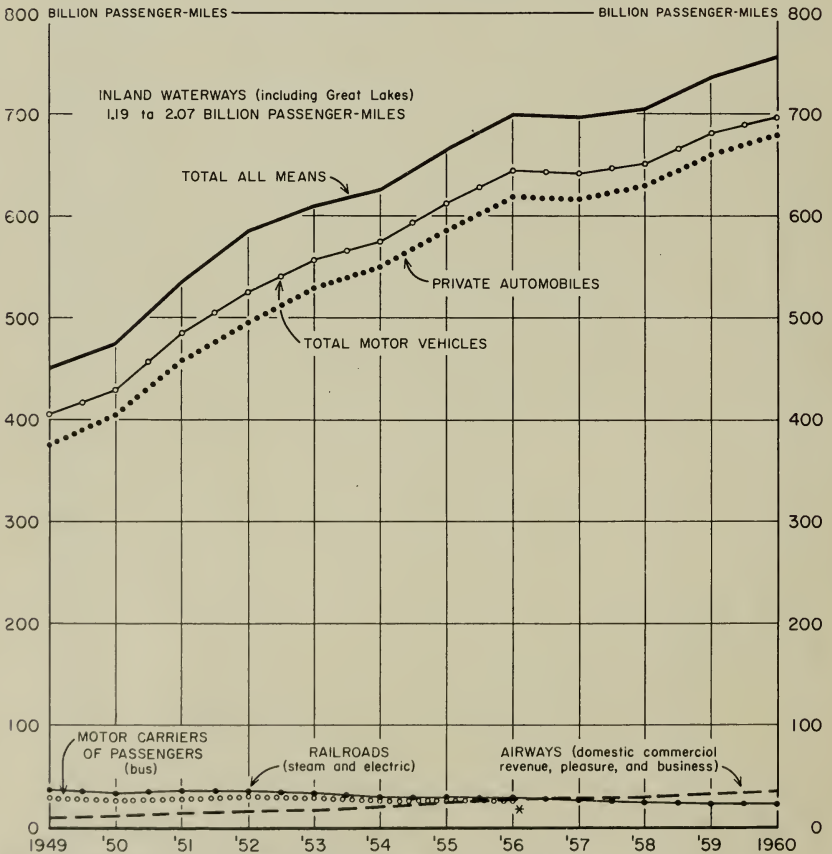
Source: 1939-1959, I.C.C., Bureau of Transport Economics and Statistics, Intercity Ton-Miles, 1939-1959, Statement No. 6103; 1960, staff estimates

# INTERCITY PASSENGER-MILES, 1949 - 1960

## REVENUE INTERCITY PASSENGER MILES



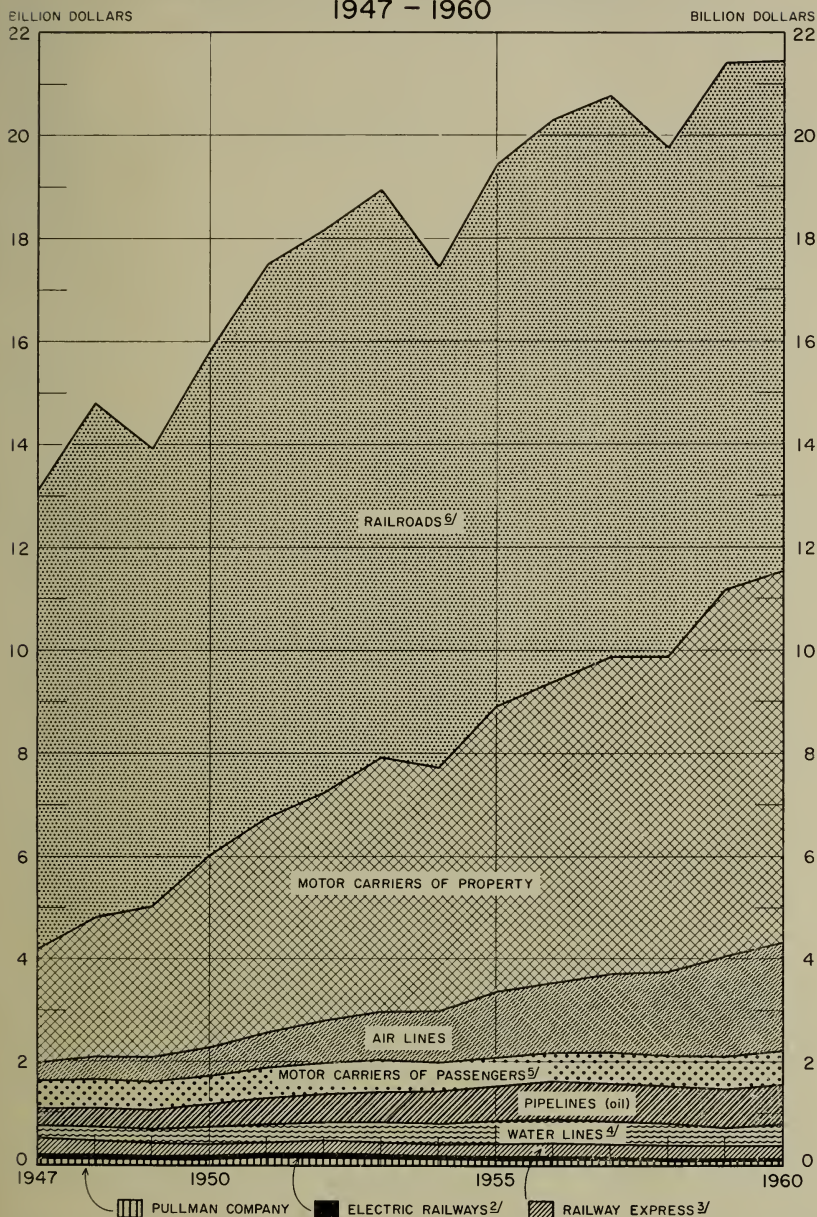
## TOTAL INTERCITY PASSENGER MILES



\* Data for 1957-60 on motor carriers not comparable; see footnote to table.

Source: 1949-56, I.C.C., Bureau of Transport Economics and Statistics, *Intercity Passenger-Miles, 1949-1956*, Statement No. 580; 1957-59, Annual Reports of the Interstate Commerce Commission; 1960, staff estimates.

# OPERATING REVENUES,<sup>1/</sup> BY TRANSPORT AGENCY 1947 - 1960



<sup>1</sup> Partly estimated.

<sup>2</sup> Shifts of carriers from electric to line-haul railway classification and partial and complete abandonments have affected the decline by an indeterminate amount.

<sup>3</sup> After deducting payments to others for express privileges.

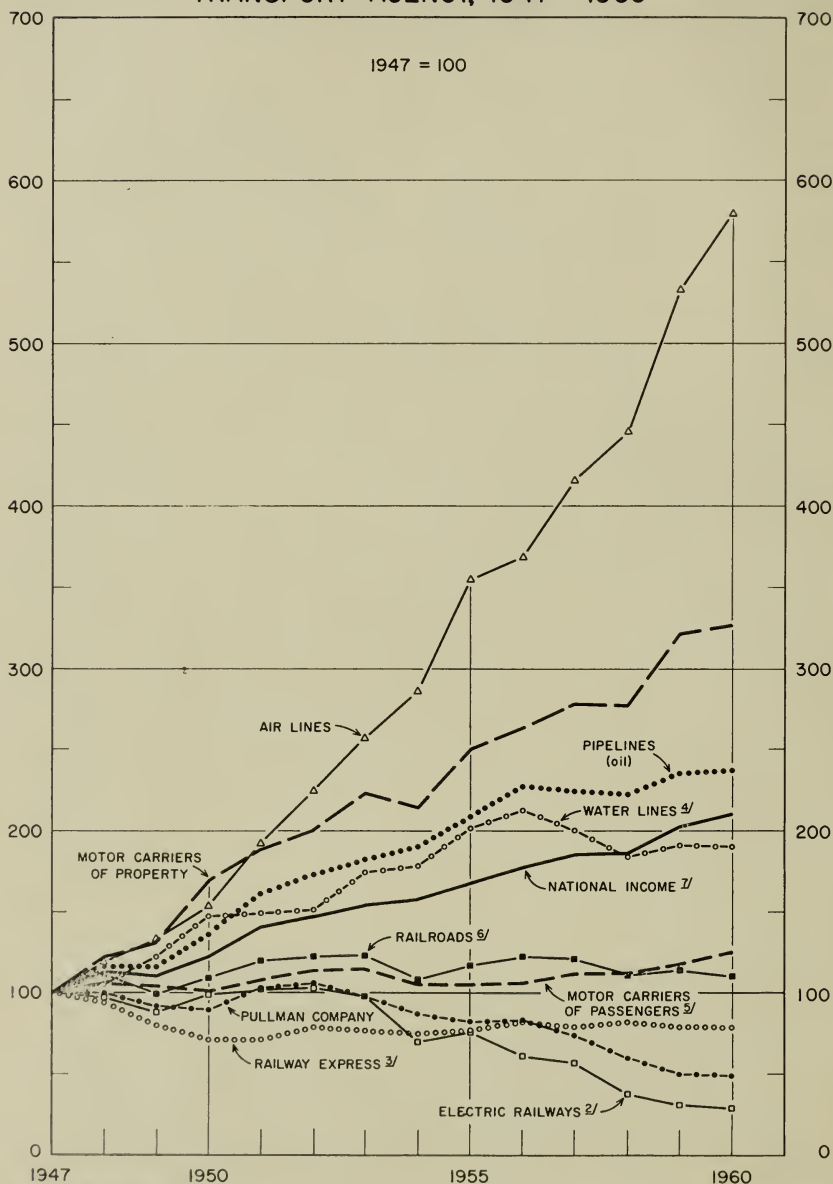
<sup>4</sup> Includes only revenues from domestic traffic of carriers subject to the jurisdiction of the Interstate Commerce Commission.

<sup>5</sup> Does not include motor carrier revenues of electric railways, included under electric railways.

<sup>6</sup> Includes switching and terminal companies.

Sources: 1947-59, Annual Reports of the Interstate Commerce Commission; revised motor carrier revenues, 1947-1956, I.C.C., Bureau of Transport Economics and Statistics, *Statistics of Class I, II, and III Motor Carriers, 1939-1956*, Statement No. 589; and 1960, staff estimates. Air data from Civil Aeronautics Board; data cover operating revenues in domestic revenue operations only, not including Alaskan or overseas, but do include the local Hawaiian line within those islands.

# INDEXES OF OPERATING REVENUES,<sup>1/</sup> BY TRANSPORT AGENCY, 1947 - 1960



<sup>1/</sup> Partly estimated.

<sup>2/</sup> Shifts of carriers from electric to line-haul railway classification and partial and complete abandonments have affected the decline by an indeterminate amount.

<sup>3/</sup> After deducting payments to others for express privileges.

<sup>4/</sup> Includes only revenues from domestic traffic of carriers subject to the jurisdiction of the Interstate Commerce Commission.

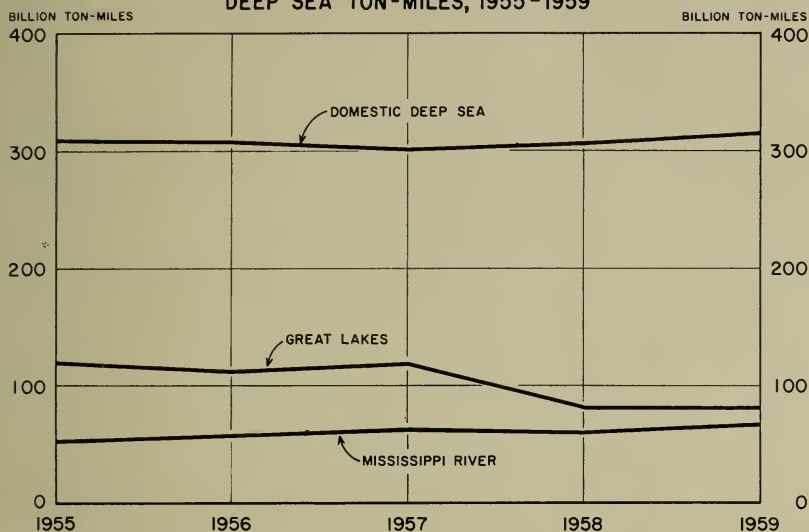
<sup>5/</sup> Does not include motor carrier revenues of electric railways, included under electric railways.

<sup>6/</sup> Includes switching and terminal companies.

<sup>7/</sup> Revised national income. Source: U.S. Department of Commerce, *Survey of Current Business*, July 1961.

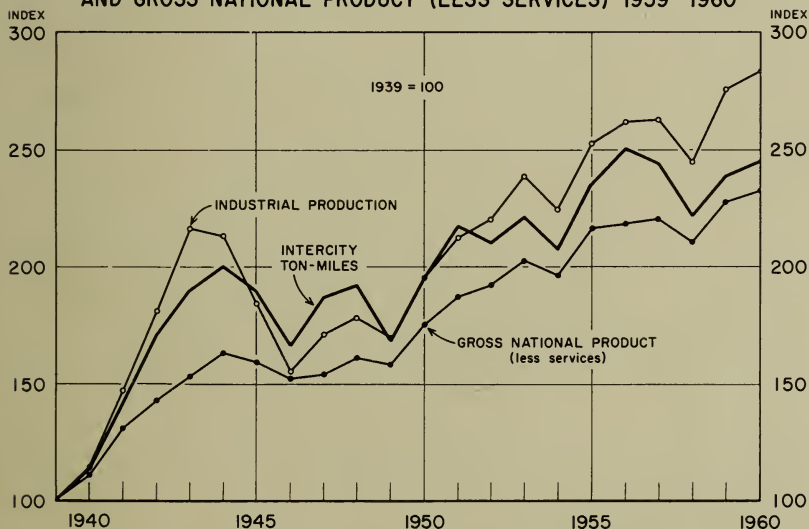
Sources: 1947-59, Annual Reports of the Interstate Commerce Commission; revised motor carrier revenues, 1947-1956, I.C.C., Bureau of Transport Economics and Statistics, *Statistics of Class I, II, and III Motor Carriers, 1939-1959*, Statement No. 589; and 1960, staff estimates. Air data from Civil Aeronautics Board; data cover operating revenues in domestic revenue operations only, not including Alaskan or oversea, but do include the local Hawaiian line within those islands.

### GREAT LAKES, MISSISSIPPI RIVER, AND DOMESTIC DEEP SEA TON-MILES, 1955-1959



Source: Office of Engineers, Maritime Administration, and Interstate Commerce Commission computations.

### INDEXES OF INTERCITY TON-MILES, INDUSTRIAL PRODUCTION, AND GROSS NATIONAL PRODUCT (LESS SERVICES) 1939-1960



Source: Federal Reserve Board, Office of Business Economics, and the Interstate Commerce Commission.

**CLASS I LINE-HAUL RAILROADS**

Operating revenues of class I line-haul railroads declined 3.2 percent in 1960, to \$9,514 million. (See appendix B, table A, for 1959 and 1960 data.) Freight revenue fell 3.5 percent, and passenger revenue 1.7 percent. Total operating expenses in 1960 declined 1.8 percent to \$7,565 million. After other additions and deductions, class I line-haul railroads had a net income after taxes of \$445 million, down 23 percent from 1959. This was the lowest net income since 1949.

Results for the first 6 months of 1961 were exceptionally poor. Freight revenue declined 10.2 percent from the revenues of the comparable period in 1960. All other types of revenue except mail decreased, resulting in a decline in total operating revenues of 9.6 percent. Operating expenses declined from \$3,840 million in 1960 to \$3,596 million in 1961 or by 6.4 percent. Net income after taxes was 75 percent lower. Not all regions were similarly affected; the more seriously depressed earnings were generally concentrated in the eastern district.

Current assets of class I line-haul railroads declined by 10.4 percent, from \$3,053 million as of June 30, 1960, to \$2,735 million at the same date in 1961, as shown in the table below. Cash and temporary cash investments registered a 16.2 percent decline, to \$1,302 million. Materials and supplies were 12 percent lower than the year before. Total current liabilities increased 3.4 percent. Net working capital, including materials and supplies, was lower by almost one-third, decreasing from \$1,214 to \$834 million.

The ratio of current assets to current liabilities, including or excluding materials and supplies, declined. Including materials and supplies the ratio fell from 1.66 to 1.44. Excluding them, the ratio declined from 1.33 to 1.16. Each of these ratios was considerably lower than at any time in the years 1950-59. The same condition was true of the ratio of cash and temporary cash investments to current liabilities. In 1961 this ratio was 0.68, compared with 0.84 a year earlier.

The condensed income account below shows that revenue and other income in 1960 was \$9,861 million, which was 2.8 percent below 1959, and the lowest since 1954.

The cost of materials, depreciation, and other expenses increased slightly, from \$3,270 to \$3,271 million in 1960. Taxes declined 4.7 percent in 1960, to \$999 million. Wages and salaries, which were lower by 2.1 percent, amounted to \$4,661 million in 1960.

*Current assets and current liabilities, class I line-haul railroads as of June 30*

| Item                                                             | 1958                        | 1959                        |                             | 1960 <sup>1</sup>           |                             | 1961                        |                             |
|------------------------------------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|                                                                  | Amount                      | Amount                      | Percent of change from 1958 | Amount                      | Percent of change from 1958 | Amount                      | Percent of change from 1958 |
| Total current assets .....                                       | <i>Millions</i><br>\$2, 661 | <i>Millions</i><br>\$3, 172 | +19. 2                      | <i>Millions</i><br>\$3, 053 | +14. 7                      | <i>Millions</i><br>\$2, 735 | +2. 8                       |
| Cash and temporary cash investments .....                        | 1, 139                      | 1, 652                      | +45. 0                      | 1, 553                      | +36. 3                      | 1, 302                      | +14. 3                      |
| Materials and supplies .....                                     | 655                         | 607                         | -7. 3                       | 600                         | -8. 4                       | 528                         | -19. 4                      |
| Total current liabilities .....                                  | 1, 581                      | 1, 783                      | +12. 8                      | 1, 839                      | +16. 3                      | 1, 901                      | +20. 2                      |
| Net working capital:                                             |                             |                             |                             |                             |                             |                             |                             |
| Including materials and supplies .....                           | 1, 080                      | 1, 389                      | +28. 6                      | 1, 214                      | +12. 4                      | 834                         | -22. 8                      |
| Excluding materials and supplies .....                           | 425                         | 782                         | +84. 0                      | 614                         | +44. 5                      | 306                         | -28. 0                      |
| <i>Ratios</i>                                                    |                             |                             |                             |                             |                             |                             |                             |
| Current assets to current liabilities:                           |                             |                             |                             |                             |                             |                             |                             |
| Including materials and supplies .....                           | 1. 68                       | 1. 78                       | -----                       | 1. 66                       | -----                       | 1. 44                       | -----                       |
| Excluding materials and supplies .....                           | 1. 27                       | 1. 44                       | -----                       | 1. 33                       | -----                       | 1. 16                       | -----                       |
| Cash and temporary cash investments to current liabilities ..... | 0. 72                       | 0. 93                       | -----                       | 0. 84                       | -----                       | 0. 68                       | -----                       |

<sup>1</sup> Revised.

The amount remaining for the investors' share fell 12.4 percent from \$1,062 million in 1959, which was the lowest amount in 10 years, to \$930 million in 1960. Rent for leased roads and interest on obligations decreased a total of \$5 million, and other deductions increased by the same amount. Only \$445 million remained for dividends and surplus, down 22.9 percent from 1959—the lowest amount since 1949 and 58.7 percent under the average for the 10-year period 1950–59.

The last column in the table shows income and expenses for the 12-month period ended June 30, 1961. Revenues continued to fall, and at \$9,395 million were 4.7 percent under those for calendar 1960. After accounting for expenses and taxes, the amount remaining for dividends and surplus was only \$267 million, or 40 percent less than for the 1960 calendar year.

Selected operating statistics for freight and passenger service of class I line-haul railroads are shown in table B, appendix B, for the years 1959 and 1960, and for the first 6 months of 1960 and 1961. For freight service, the average miles of road operated declined 0.2 percent from 219,723 miles in 1959 to 219,295 in 1960. This was somewhat less than the average yearly decline over the last 10 years.

Ton-miles of revenue freight fell to 572 billion, or by 5 percent; tons of revenue freight originated rose to 1.24 billion, an increase of 0.8 percent.

*Condensed income account—class I line-haul railroads*

| Item                                                                                 | Calendar year   |                 |                 |                 | 12 months ended with June 30, 1961 |
|--------------------------------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|------------------------------------|
|                                                                                      | 1957            | 1958            | 1959            | 1960            |                                    |
|                                                                                      | <i>Millions</i> | <i>Millions</i> | <i>Millions</i> | <i>Millions</i> | <i>Millions</i>                    |
| Revenue and other income.....                                                        | \$10, 781       | \$9, 897        | \$10, 140       | \$9, 861        | \$9, 395                           |
| Cost of materials, depreciations, and other expenses, except wages and salaries..... | 3, 410          | 3, 126          | 3, 270          | 3, 271          | 3, 242                             |
| Taxes, including income, profits, and payroll.....                                   | 1, 068          | 957             | 1, 048          | 999             | 938                                |
| Total deductions.....                                                                | 4, 478          | 4, 083          | 4, 318          | 4, 270          | 4, 180                             |
| Remainder for employees and investors.....                                           | 6, 303          | 5, 814          | 5, 822          | 5, 591          | 5, 215                             |
| Wages and salaries <sup>1</sup> .....                                                | 5, 091          | 4, 719          | 4, 760          | 4, 661          | 4, 463                             |
| Investors' share:                                                                    |                 |                 |                 |                 |                                    |
| Rent for leased roads <sup>2</sup> .....                                             | 55              | 55              | 54              | 51              | 50                                 |
| Interest on obligations.....                                                         | 359             | 373             | 369             | 367             | 3 369                              |
| Other deductions <sup>4</sup> .....                                                  | 60              | 66              | 62              | 67              | 66                                 |
| For dividends and surplus.....                                                       | 737             | 601             | 577             | 445             | 267                                |
| Total.....                                                                           | 1, 212          | 1, 095          | 1, 062          | 930             | 752                                |
| Percent wages and salaries.....                                                      | 80. 8           | 81. 2           | 81. 8           | 83. 4           | 85. 6                              |
| Percent investors' share.....                                                        | 19. 2           | 18. 8           | 18. 2           | 16. 6           | 14. 4                              |

<sup>1</sup> Chargeable to operating expenses and not including the following amounts of payroll taxes, in millions: 12 months ended June 30, 1961, \$375; year 1960, \$394; 1959, \$374; 1958, \$316; and 1957, \$342.

<sup>2</sup> Represents largely intercompany payments among railroads in the form of interest and dividends.

<sup>3</sup> Partly estimated.

<sup>4</sup> Miscellaneous deductions from income applicable to "other income" shown, contingent charges (capital and other funds), and amortization of discount on funded debt.

Revenue per ton-mile again decreased, from 1.45 cents in 1959 to 1.40 cents in 1960. This amount was slightly below the average for the 10 years 1950-59. Although the length of the average freight haul (per railroad) declined a little more than about 1 mile to 249.7 miles in 1960, it was still more than 10 percent longer than a decade ago. The average load per car (net ton-miles per loaded car-mile) rose to a new high of 34.0 tons, over 7 percent greater than in 1950.

Freight trains continued to increase in length (freight car-miles per train-mile—total). In 1960 the average was 70.2 cars, compared with 69.6 cars in 1959. Freight train speed remained unchanged at 19.5 miles per hour (train-miles per train-hour (average)). Gross ton-miles per train-hour, which have been increasing steadily with the trend toward more powerful diesel locomotives, rose 1.9 percent in 1960, to 63,070. The percent loaded of total freight car-miles fell from 62.3 in 1959 to 61.4 in 1960. The trend has been steadily downward since the end of World War II, and in 1960 the percentage was the lowest since 1934, with the exception of 1958.

Freight car utilization, indicated by car-miles per car-day, was 40.9 as compared with 41.2 for 1959. Calculating from average freight-train speed of 19.5 miles per hour, average car-miles per car-day of 40.9, and percent loaded of total freight car-miles, it is estimated that the average freight car in 1960 was loaded and moving in freight trains only 77 minutes each day as compared with 78 minutes for 1959.

The percentage of total freight locomotives which were unserviceable was reduced in 1960 to 7.5, the best figure in the past 10 years. For freight cars the percent unserviceable was 7.6, a slight increase over 1959 but considerably higher than the average of 5.4 percent for the period 1950-59.

For the first 6 months of 1961 business was substantially depressed as compared with the same period in 1960. Total revenue ton-miles decreased 8.4 percent and total revenue freight carried declined 11.9 percent. Loaded freight car-miles went down from 61.6 to 61.0 percent of the total. In this same period some of the indexes of operating efficiency continued their long-term improvement, especially gross ton-miles per train-mile and gross ton-miles per train-hour. The percentage of unserviceable freight cars, taking into account all cars on line, increased sharply, from 7.2 for the first half of 1960 to 8.3 for the first half of 1961.

In passenger service, the trends of recent years continued in 1960. Road mileage operated in passenger service fell 6.1 percent to 93,893, which was more than the 1950-59 average annual reduction of 5.0 percent. Revenue passengers carried were fewer by 7.5 percent in 1960. Revenue passenger-miles declined 3.6 percent to 21,261 million.

Revenue per passenger-mile (excluding commutation) rose from 3.00 cents in 1959 to 3.03 cents in 1960. Including commuters, revenue per passenger-mile increased from 2.95 cents to 3.01 cents.

Passenger train-miles were down 6.8 percent and passenger-train car-miles declined 5.6 percent in 1960. The average passenger train continued to become longer, cars per train rising from 10.12 in 1959 to 10.26 in 1960. The average speed of passenger trains increased as it has been doing in recent years—from 40.3 to 40.7 miles per hour. This rising average appears to have been due not to faster trains, but to discontinuance of slower secondary trains.

In the first half of 1961, average miles of road operated in passenger service declined to 90,262; and total passenger-miles fell to 9,671 million, compared with 10,527 million in the first half of 1960. Revenue per passenger-mile increased 3.3 percent including commuters and 2.3 percent excluding them. Average train speed continued a trend by increasing from 40.6 to 40.9 miles per hour. The percentages representing unserviceable passenger locomotives and cars increased.

#### PRIVATE CAR LINES

Reporting requirements and the presentation of data for private car lines were changed in 1960. The filing of quarterly reports was discontinued, and data for refrigerator car lines owned or controlled by railroads were separately tabulated.

The number of private car lines reporting for 1960, including 8 refrigerator car lines owned or controlled by railroads, was 181, or 16 fewer than in 1959. The total number of cars owned or controlled by these car lines in 1960 was 321,507, an increase of 13,528. Each of 7 railroad-controlled lines and 28 others owned 1,000 or more cars; the total (35) reflects an increase of 5 in the number of firms of this size.

The 8 railroad-owned or -controlled refrigerator car lines in 1959 accounted for 68,081 of the total of 89,535 refrigerator cars owned by private car lines. Refrigerator car ownership of this group decreased to 66,180 at the close of 1960. Their revenues in 1960 totaled \$141.2 million, compared with \$140.0 million in 1959, or an increase of 0.9 percent. These amounts were, respectively, 33.2 and 31.6 percent of the \$425.9 million and \$443.5 million of revenues of all private car lines in 1960 and 1959. Excluding the eight railroad affiliated refrigerator lines, total operating revenues of private car lines were \$284.7 million in 1960 compared with \$303.4 million in 1959.<sup>1</sup>

Car ownership of the 173 nonrailroad car lines totaled 255,296, consisting of: tank cars, divided about evenly between petroleum and other types, 158,979, or 62.3 percent of the total; gondola or open top hopper cars, 30,675, or 12.0 percent; boxcars, 22,808, or 8.9 percent; refrigerator cars, 20,429, or 8.0 percent; and miscellaneous cars, 22,405, or 8.8 percent.

Net investment of the eight railroad-owned or -controlled refrigerator lines was \$310.3 million and net income after fixed charges was \$24.9 million in 1960. For 173 other car lines, net investment was \$901.2 million and net revenue from car service, \$81.9 million.

#### MOTOR CARRIERS OF PROPERTY

Estimated 1960 revenues of class I, II, and III motor carriers of property were \$7,214 million compared to \$7,145 million in 1959, or 0.97 percent greater.

Based on quarterly reports, 1960 operating revenues of 923 class I intercity carriers were \$4,376 million, 2.4 percent above 1959 revenues of \$4,299 million. Expenses increased 4.4 percent and net income after taxes was \$35.7 million, 61.2 percent below 1959. The operating ratio increased from 95.6 in 1959 to 97.5 percent in 1960. The number of tons carried increased by 0.5 percent, but truck and tractor miles operated decreased 0.3 percent.

Revenues for the first quarter of 1960 were below the last quarter of 1959. Although they increased each quarter thereafter, they did not reach the October-December 1959 level.

<sup>1</sup> These data and those below for private car lines, other than for the eight railroad affiliated refrigerator car lines, are not comparable between 1959 and 1960 because of changes in reporting and tabulating procedures. The 1960 data cover owners of 10 cars or more whereas 1959 data cover owners of 100 cars or more. The smaller companies have little effect on industry totals.

Although each region experienced a reduction in net income after taxes, only the New England region ended the year with a deficit and only the Southwestern region showed a decline in operating revenues. The percentage declines in net income after taxes for individual regions, excluding New England, were as follows: Middle Atlantic, 68 percent; Central, 60.2 percent; Southern, 69.9 percent; Northwestern, 59.5 percent; Midwestern, 75.3 percent; Southwestern, 44 percent; Rocky Mountain, 19.4 percent; and Pacific, 67.7 percent.

Intercity contract carriers were the only group among motor carriers of property to show improvement in 1960 over 1959. Operating revenues for 68 reporting carriers increased 16.7 percent to \$244 million while expenses increased 16.1 percent to \$232 million and net income after taxes, 21.7 percent to \$6 million. The operating ratio declined one-half percentage point to 94.8 percent. Regional results were mixed with four regions reporting increased net income after taxes (Middle Atlantic, Central, Midwestern, and Southwestern) and four reporting reduced net income (New England, the only deficit region; Southern, Northwestern, and Pacific). Rocky Mountain region had no reporting contract carriers. For all regions tons carried increased 5.8 percent to 18.3 million and truck and tractor miles operated increased 12.8 percent.

Common carriers of general commodities in 1960 accounted for 69.2 percent of operating revenues and 51.5 percent of tons carried by all class I intercity carriers. The number of these carriers reporting to the Commission increased by 1 to 560, and they reported an increase in revenue of 0.7 percent to \$3,289 million. Total expenses, however, rose 3.1 percent to \$3,220 million and net income after taxes was \$12.3 million, down 80.2 percent. The operating ratio of 97.9 percent was 2.3 percentage points above 1959. The number of tons handled decreased 1.5 percent and truck and tractor miles operated decreased 2.2 percent. Net income was lower in all regions. Three areas, New England, Middle Atlantic, and Rocky Mountain, showed an increase in tons of freight transported in 1960 with the increase in the Rocky Mountain region amounting to more than 13 percent.

The 295 common carriers of special commodities (up 23 from 1959) had somewhat better operating and earnings results than the general commodities group. Operating revenues at \$1,220 million were up 4.6 percent while total expenses increased 5.9 percent to \$1,182 million. Net income fell 30.2 percent to \$17.4 million and the operating ratio increased 1.1 percentage points to 96.9 percent. Tons carried rose 2.3 percent and vehicle miles operated, 0.6 percent. Results for Northwestern region carriers deviated substantially from the average for all regions. Carriers there reported a 71.5-percent increase in net

income after taxes (19.8 percent before taxes) and a slightly improved operating ratio of 97.4 percent, 0.2 percentage point below 1959.

Class I local carriers fared somewhat better than class I intercity carriers. The number of carriers reporting increased from 82 in 1959 to 94 in 1960. Operating revenues were \$311.7 million, up 7.3 percent, but expenses increased 7.8 percent to \$304.3 million, producing an operating ratio of 97.6 percent, 0.4 percentage point above 1959. Net income after taxes declined 7.8 percent to \$5.9 million.

For the first half of 1961, revenues of class I intercity carriers were \$2,335 million compared to \$2,398 million for the first half of 1960, down 2.6 percent. Expenses at \$2,255 million were 3.3 percent lower. The operating ratio decreased 0.7 percentage point to 96.6 percent and net income after taxes was \$29.8 million, up 50.1 percent. Severe weather conditions throughout the first quarter affected operating results of the first half of 1961. Such conditions have a direct effect on operations by increasing expenses and also act indirectly by reducing traffic tendered to the carriers through the dampening effects on business activity. These effects and the general slowdown in economic activity resulted in an unusual first quarter deficit for the carriers, the first since 1958 and the second in the postwar period.

#### MOTOR CARRIERS OF PASSENGERS

On the basis of quarterly reports representing 139 intercity and 59 local or suburban carriers, total operating revenues of 198 class I motor carriers of passengers increased from \$558.6 million in calendar year 1959 to \$584.1 million in 1960, a rise of 4.6 percent. Total operating expenses rose from \$494.7 million to \$521.5 million in the same period, or 5.4 percent, with the result that the operating ratio increased from 88.6 to 89.3 percent.

Reports of the 139 intercity carriers showed an increase in total operating revenues of 4.1 percent to \$460.4 million in 1960, and 5.2 percent in total operating expenses to \$402.4 million in 1960, causing an increase in the operating ratio from 86.5 percent in 1959 to 87.4 percent in 1960. Total operating revenues of the 59 local or suburban carriers rose 6.3 percent to \$123.7 million in 1960, and, with approximately the same percentage increase (6.2 percent) in operating expenses to \$119.1 million in 1960, the operating ratio remained 96.3 percent.

Operating ratios for intercity carriers in 1960 increased in five regions, varying from a 0.5 percentage-point increase in the Southern region (from 84.6 in 1959 to 85.1 percent in 1960) to 3.3 percentage points in the Pacific region (from 82.6 to 85.9 percent). There was no change in the 1959 operating ratio of 86.8 percent in the Central region in 1960. The three remaining regions showed improvements (decreases) in operating ratios, ranging from 1.3 percentage points

(from 94.3 percent in 1959 to 93.0 percent in 1960) in the Middle Atlantic region to 6.3 percentage points (from 94.9 percent to 88.6 percent) in the Midwestern region, with a decrease of 5.1 percentage points (from 98.2 percent to 93.1 percent) in the New England region.

The total number of revenue passengers carried by the 198 class I motor carriers declined from 745.6 million in 1959 to 739.9 million in 1960; the relative decline (0.8 percent in 1960) was less than in the 2 previous years. The decreases were 5.4 percent and 7.9 percent in 1959 and 1958, respectively. In 1960 the number of revenue passengers carried in intercity service by total intercity and local carriers declined 2.8 percent to 181.3 million, whereas the number in local and suburban service declined only 0.3 percent to 519.4 million. The number of revenue passengers carried in charter or special service rose 3.0 percent to 39.2 million in 1960.

Intercity carriers transported 226.5 million revenue passengers in all services in 1960, a 2.8 percent drop from 1959. This decline in total service resulted from a decrease in intercity service of 5,788,887 passengers, or 3.4 percent, to 166.9 million in 1960, a decrease in local and suburban passengers of 760,707, or 1.6 percent, to 45.8 million, and a 0.2 percent increase in charter or special service passengers. By regions, the greatest losses in the number of intercity passengers transported in 1960 by these carriers occurred in the Southern and Southwestern regions, which had losses of 2.3 and 1.9 million, respectively. The next principal loss was in the Central region which reported 1.6 million fewer passengers. Other losses were 410,511 in the Pacific region and 359,877 in the New England region. Partially offsetting gains were made in the other four regions, with the largest increase (571,981) taking place in the Midwestern region, and the second largest increase of 170,853 in the Middle Atlantic region.

Local or suburban carriers transported 513.4 million revenue passengers in all services in 1960, a 0.2 percent increase over 1959. The number of passengers carried in local and suburban service by these carriers declined 0.2 percent to 473.6 million in 1960. This loss, however, was more than offset by increases of 4.3 percent to 14.4 million in intercity schedules and 4.5 percent to 25.4 million in charter or special services. On a regional basis, there was considerable variation from 1959 to 1960 in the number of revenue passengers carried in local and suburban service by these local or suburban carriers. Of the six regions involved, the principal increase was 10.9 percent in the New England region, and the major percentage decrease was 65.1 percent in the Pacific region. Moderate increases of 0.4 percent and 2.0 percent were made in the Southern and Midwestern regions, respectively, while respective decreases of 2.7 percent and 4.6 percent were experienced in the Middle Atlantic and Central regions. The number of

revenue passengers transported by local or suburban carriers in intercity schedules increased in 1960 for three of the four regions reporting this type of traffic. The largest percentage increase was made in the New England region, which reported a 78.6-percent rise to 188,822 passengers while the greatest absolute increase was made in the Middle Atlantic region, which showed an increase of 527,833 passengers. The Southern region showed an increase of 8.2 percent. The Central region reported the only decrease, a 12.9 percent drop. While some of the percentage changes above are large, the numbers of passengers involved were relatively small.

In the first half of 1961, class I motor carriers of passengers reported total operating revenues of \$278.8 million, a 3.9-percent increase over the corresponding period in 1960. Total operating expenses increased 4.6 percent to \$260.8 million, producing an increase in the operating ratio from 92.9 percent in the first half of 1960 to 93.6 percent in the first half of 1961. The total number of revenue passengers decreased 2.5 percent to 359.4 million. Passengers carried in intercity service decreased from 82.1 million in the 1960 period to 81.0 million in 1961, while the number of passengers in local and suburban service declined from 264.8 million to 256.4 million. Charter or special service passengers increased from 21,892 thousand to 21,915 thousand.

Data concerning package express service of motor carriers of passengers is included below under "Small Shipments".

### WATER CARRIERS

Operating revenues of carriers by inland and coastal waterways reporting to the Commission increased in 1960. The annual reports of 73 class A and 32 class B water carriers having average annual operating revenues over \$500,000 and between \$100,000 and \$500,000, respectively, showed total operating revenues of \$255.4 million in 1960, 3.6 percent over 1959. Total operating expenses of these carriers aggregated \$234.3 million in 1960, an increase of 3.3 percent, resulting in a decrease in their operating ratio from 92.04 percent in 1959 to 91.73 percent in 1960. Class A carriers, which in 1960 accounted for 96.8 and 96.6 percent of total operating revenues and total operating expenses, respectively, of class A and class B carriers combined, showed a decline in operating ratio from 91.65 percent in 1959 to 91.51 percent in 1960. The operating ratio of the class B carriers decreased from 100.32 to 98.60 percent in the same period.

In 1960, 104.4 million tons of revenue freight (8.3 percent over 1959) were carried by the class A and class B carriers producing freight revenues of \$183.0 million, a 1.9-percent increase over the previous year. By navigation areas, the greatest increase in freight revenue

occurred in the Great Lakes trade which accounted for an increase of \$8.2 million. An increase of \$1.5 million was reported for the Pacific coast area.

Decreases of \$3.7 million and \$2.3 million were reported for the Mississippi River and tributaries and the Atlantic and Gulf coast areas, respectively. Three areas showed increases in revenue tons carried in 1960, varying from 6.1 million tons for the Great Lakes area to approximately 404 thousand tons for the Pacific coast. The Atlantic and Gulf coasts area reported a decrease in 1960 of about 649 thousand tons, while no tons were reported for the intercoastal area.

Although the number of revenue passengers transported in 1960 increased 11.1 percent to 3.4 million, passenger revenues of class A and B carriers in 1960 declined to \$8.3 million, 2.1 percent below 1959. Class A carriers, accounting for 90.9 and 61.2 percent of total class A and B carrier revenues and passengers, respectively, experienced a 2.9 percent drop in passenger revenues and a 1.1 percent decline in number of passengers in 1960. Decreases in passenger revenues and in the number of passengers of class A carriers in the Atlantic and Gulf coast area and the Great Lakes area were partially offset by corresponding increases in the Mississippi River and tributaries area. The Pacific coast area showed an increase in passenger revenues, but a decrease in number of passengers carried in 1960. No passenger service was reported for class A water carriers operating in intercoastal service. Class B carriers showed an increase of 5.9 percent in passenger revenues and an increase of 37.6 percent in the number of revenue passengers carried in 1960. Increases in passenger revenues and passengers carried of 14.5 and 137.2 percent, respectively, in the Atlantic and Gulf coasts area more than offset declines in other areas. The principal decline was reported by the Mississippi River and tributaries area which showed decreases of 22.4 and 23.6 percent in passenger revenues and passengers carried, respectively. No passenger service was reported for class B water carriers operating in the Pacific and intercoastal areas.

According to the annual reports of 113 class C water carriers (those having annual operating revenues of \$100,000 or less), total operating revenues of these carriers in 1960 rose 2.0 percent to \$24.4 million. (Operating expenses for class C carriers are not readily available.) Freight revenues increased 14.8 percent to \$6.9 million, whereas tons carried decreased 2.6 percent to 9.3 million. Class C passenger revenues decreased 1.0 percent to \$4.1 million in 1960, and the number of revenue passengers declined 2.4 percent to 6.0 million.

Total operating revenues (including foreign and domestic service) of the 27 annual reports filed by maritime carriers on Commission-prescribed forms for the calendar year 1960 aggregated \$524.4 million, a 1.2-percent decrease from 1959. Total operating expenses rose 0.5 percent to \$515.3 million, causing an increase in the operating ratio from 96.62 percent in 1959 to 98.26 percent in 1960. The 17 carriers (of the 27 maritime carriers) engaged in domestic coastwise and inter-coastal service reported a decrease of less than 0.1 percent in revenues to \$133.1 million for transporting 5.8 million tons of freight in domestic service in 1960, a drop of 13.8 percent in tonnage from 1959. Passenger revenue from domestic service increased from \$668 thousand in 1959 to \$678 thousand in 1960 and the number of passengers decreased from 912 to 908.

For the first half of 1961, quarterly reports of 113 class A and class B carriers by inland and coastal waterways filed with the Commission showed a decrease of 20.5 percent in freight revenue and a decrease of 10.0 percent in tons of revenue freight to \$121.0 million and 46.1 million tons, respectively, when compared with the corresponding period in 1960. Passenger revenues increased 4.0 percent to \$2.6 million, while the number of revenue passengers decreased 17.0 percent to 741,583 in the first 6 months of 1961 as compared with the same period in 1960. (Expenses are not reported in quarterly statements.)

#### FREIGHT FORWARDERS

The total revenues of 87 reporting freight forwarders were \$442.4 million in 1960, 1.9 percent lower than 1959. The total number of reporting companies was the same as in 1959, but the number of forwarders reporting revenues of \$100,000 or more increased by 8.5 percent. These 64 class A forwarders accounted for 99.8 percent of total revenues in 1960 compared with 99.3 percent in 1959. The three largest companies received 47.4 percent of total revenues in 1960 compared with 48.1 percent in 1959.

Forwarder revenues of class A companies were \$437 million in 1960, 1.4 percent below 1959, and incidental revenues were down slightly to \$4.4 million from \$4.6 million in 1959. Operating expenses increased 3.2 percent to \$126.4 million while transportation purchased declined 2.7 percent to \$309.7 million. Net income after taxes in 1960 was \$2.8 million, 28.2 percent lower than 1959. The number of shipments received decreased 4.1 percent, and the average weight per shipment increased from 347 pounds to 355 pounds. Total weight of shipments received in 1960 was 4.1 million tons, down 2.4 percent from 1959.

Expenditures for purchased transportation were distributed among carriers as follows: railroads, 60.8 percent; motor carriers, 19.0

percent; pickup, delivery, and transfer, 19.0 percent; water, 0.6 percent; other, 0.6 percent. The distribution of expenditures for purchased transportation among the major carriers in the last 6 years, as shown in the accompanying table, indicates that the railroad share has been decreasing while those of motor carriers and of pickup, delivery, and transfer agents has increased.

*Freight forwarder expenditures for purchased transportation*

|           | Railroad            |         | Motor carrier       |         | Pickup, delivery, and transfer |         |
|-----------|---------------------|---------|---------------------|---------|--------------------------------|---------|
|           | Amount<br>(000,000) | Percent | Amount<br>(000,000) | Percent | Amount<br>(000,000)            | Percent |
| 1955..... | \$205.3             | 67.7    | \$48.0              | 15.8    | \$46.5                         | 15.1    |
| 1956..... | 210.5               | 67.3    | 50.2                | 16.0    | 49.7                           | 15.9    |
| 1957..... | 211.0               | 67.0    | 50.4                | 16.1    | 49.8                           | 15.9    |
| 1958..... | 203.2               | 66.6    | 49.7                | 16.4    | 49.4                           | 16.1    |
| 1959..... | 201.7               | 63.4    | 57.3                | 18.0    | 56.6                           | 17.8    |
| 1960..... | 188.4               | 60.6    | 58.9                | 19.0    | 58.7                           | 19.0    |

These trends cannot be explained fully on the basis of information available. Reduced payments to railroads may have resulted to some extent from the increased resort by freight forwarders to TOFC operations under which the forwarder supplied part of the transportation equipment. Such operations would have tended to increase other expenses of the forwarders while reducing the amounts paid to the railroads.

For the first half of 1961 large freight forwarders received transportation revenues of \$211 million, 1.1 percent below the like period of 1960. Transportation purchased at \$145 million, decreased 4.6 percent and operating revenues were 7.9 percent higher at \$68.1 million. Operating expenses were \$63.7 million, and net income after taxes was \$1.9 million, 3.6 and 297 percent, respectively, above the 1960 period. Average weight per shipment was down from 338.3 pounds to 312.3 pounds.

### PIPELINES

Crude oil and refined oils traffic originated in 1960 increased over 1959, according to the annual reports filed by 87 oil pipeline companies. The number of barrels of crude oil originated increased to 2,238.5 million in 1960, a gain of 2.6 percent over 1959. Refined oils originated increased 7.0 percent to 908.8 million barrels in 1960. Increases in shipments of crude oil and refined oils in 1959 over 1958 were 8.1 percent and 12.2 percent, respectively. Operating revenues of the 87 companies rose to \$770.4 million in 1960, an increase of 0.7 percent over the previous year. Operating expenses increased 2.8

percent to \$417.6 million, causing a rise in the operating ratio from 53.07 percent in 1959 to 54.21 percent in 1960.

Trunkline movements of crude oil declined 0.4 percent to 976.4 billion barrel-miles in 1960. Refined oils moved by trunkline increased to 304.4 billion barrel-miles, a rise of 7.1 percent above 1959.

In the first half of 1961, transportation revenues of 72 large oil pipeline companies, having annual operating revenues of more than \$500,000 each, amounted to \$362.4 million, an increase of 0.4 percent over the first 6 months of 1960. The number of barrels of oil originated and received from connections by the 72 pipelines during the first half of 1961 was 2,425.2 million, or 2.2 percent more than in the corresponding period of the previous year.

### SMALL SHIPMENTS

Transportation of small shipments and its problems continued to attract considerable attention.

The predominant carriers were plagued by rising costs of service, particularly handling and billing, and by mounting inability to absorb deficits on small shipments with other revenues. In attempts to minimize losses on such shipments, carriers turned to such measures as increased rates, lower service standards, or abandonment of portions of the service. As a result, shippers have complained of "prohibitive" rate increases, delays, and generally poor service. Small businesses and other small shipment patrons have protested that they can no longer compete with large concerns which are able to take advantage of the economies of volume shipments.

REA Express continued its vigorous efforts, which began with reorganization in mid-1959, to achieve operation on a profitable basis. However, revenues and traffic were affected by adverse business conditions in the last quarter of 1960 and the first quarter of 1961. Domestic revenue for 1960 amounted to \$365.7 million, a decrease of 5.1 percent from 1959. The number of less-than-carload shipments handled, 66.4 million in 1960, decreased 5.2 percent, in line with the downward trend existing since 1956. Depressed business conditions in 1960 and a rate increase, effective September 1, 1959, may have been factors in the 1960 decline in revenues and shipments. A further less-than-carload rate increase of 20 cents per shipment became effective January 4, 1961.

"Express privilege" payments, made principally to rail, motor, and air carriers, declined 14.1 percent from 1959 to 1960 to a total of \$125 million. Payments to railroads showed the only declines in either total payments or in share of payments made to carriers; payments were down 19.6 percent to \$98.9 million and the share of payments declined 4.4 percentage points to 79.1 percent. Payments

to motor carriers reached \$2.26 million, a rise of 13 percent, increasing their share of the total by 0.4 percentage point to 1.8 percent. Airlines received \$23.5 million, 7.3 percent over 1959, representing 18.8 percent of payments to all carriers, or an increase of 3.9 percentage points. The changes in shares of payments made to the various modes of transportation may have been affected by the contract with the railroads, signed by REA in 1959, allowing the agency substantial freedom of routing.

Domestic revenue of \$176.7 million for the first 6 months of 1961 declined 2.2 percent below the corresponding period in 1960. "Express privilege" payments, totaling \$55.9 million, represent a decline of 12.2 percent from the first 6 months of 1960.

REA Express has taken several major steps to enlarge its operations and to improve its competitive position. Subsidiaries engaged in consolidating shipments and in leasing trailers have been organized. Experiments have been made in containerization of shipments for line-haul movements by rail, and rates based on volume and number of pieces and on container loads of certain commodities have been established.

Zone-rated parcel post, by number of pieces handled and total weight of shipments, declined slightly from fiscal 1959 to 1960. For fiscal 1960 there were 839.9 million zone-rated parcels totaling 5,162 million pounds, decreases of 2 and 0.7 percent, respectively, from 1959. The decline is attributed in part to a reclassification of 8- to 16-ounce pieces as third class, which was effective for 11 months of fiscal 1959. Average weight of parcels remained at 6.1 pounds.

Parcel post revenues of \$557.7 million for fiscal 1960 amounted to an increase of 5.7 percent over fiscal 1959 and reflected the effects of a rate increase of about 17.1 percent approved by the Commission and established in February 1960. The potential effects of this increase were limited by decreased volume in fiscal 1960, continuing a decline in parcel post mailings which has been evident in recent years.

Transportation revenues of 64 freight forwarders with revenues of \$100,000 or more, discussed previously, amounted to \$437 million in calendar 1960, a decrease of 1.4 percent from the previous year. Forwarders handled 4.1 million tons in 1960, a drop of 2.4 percent, and the number of shipments handled decreased by 4.1 percent to 23.120 million. The declines in revenue and total weight followed closely patterns of forwarder revenue and volume set in similar previous periods of general economic recession. Average weight per shipment, which has been declining for more than 10 years, increased 2.3 percent to 355 pounds.

The decline of railroad less-than-carload traffic and revenues, characteristic of the postwar period, continued in 1960. Revenue from

class I railroad less-than-carload traffic in 1960 amounted to \$152.9 million, a decrease of 16.9 percent from 1959, while total rail freight revenue declined 3.5 percent. Tons of less-than-carload freight originated by class I railroads dropped 18.1 percent to 3.213 million tons, contrasted with a rise of 0.7 percent in all freight tonnage. Less-than-carload revenues and tonnage in 1960 represented only 31.8 percent and 18 percent respectively, of their 1947-49 levels.

Revenues from less-than-truckload shipments of 547 class I motor carriers of general freight amounted to \$2,070.8 million in 1960, an increase of 5.3 percent over 1959, representing over 47 percent of the total revenue of these carriers. The number of shipments increased 1.8 percent over 1959 to 217.4 million, while tons hauled amounted to 56.952 million, a decrease from 1959 of 0.1 percent, thus decreasing the average weight per shipment from 534 to 524 pounds. Less-than-truckload shipments are those weighing less than 10,000 pounds.

Express revenue of 143 class I motor carriers of passengers, amounting to \$32.3 million in 1960, represented an increase of 11.3 percent over 1959.

#### TAXES

The proposed reduction from 10 to 5 percent in the Federal excise tax on passenger transportation was again deferred for 1 year, to July 1, 1962, on June 30, 1961.<sup>2</sup>

Tax accruals of class I line-haul railroads totaled \$999 million in 1960, a decrease of 5 percent from 1959. Payroll taxes, which are principally payments for old-age retirement under the Railroad Retirement Act and for unemployment insurance under the Railroad Unemployment Insurance Act, increased from \$374 million in 1959 to \$394 million in 1960, despite a decrease in average employment from 815,474 to 780,494. The applicable tax rates, which were increased June 1, 1959, as stated in the 74th Annual Report, are 6¾ percent for old-age retirement and 3¾ percent for unemployment insurance, on a maximum of \$400 per month. Carriers other than railroads pay a 3-percent old age and survivor tax on a limit of \$4,800 per year under the Federal social security system, and between zero and 4.5 percent, according to the State, under State-administered programs. Federal income taxes of class I railroads decreased 25 percent, from \$269 million in 1959 to \$203 million in 1960. The total of all other taxes decreased slightly, from \$404 million to \$401 million.

Class I motor carriers of property (intercity and local) paid income taxes in 1960 of \$46 million, a substantial decrease from the \$77 million in 1959. Operating taxes and licenses rose 12 percent, to \$291 million. In the passenger field, class I motor carriers (intercity and local or suburban) paid \$27 million in income taxes in 1960, down \$2

<sup>2</sup> Public Law 87-72.

million from 1959. Operating taxes and licenses for passenger carriers totaled \$36 million in 1960, compared with \$33 million in the previous year.

The Federal and State governments levy special taxes on motor vehicle operations. State taxes vary widely. Federal excise and use taxes, applicable to motor carriers were increased on July 1, 1961<sup>3</sup> to the following rates:

Gasoline and diesel fuel—4 cents per gallon;

Use tax on trucks exceeding 26,000 pounds—\$3 per thousand pounds;

Highway tires—10 cents per pound;

Tread rubber—5 cents per pound;

Inner tubes—10 cents per pound.

In 1960 classes A and B water carriers paid approximately \$10 million in income taxes and about \$4 million in all other taxes. For oil pipelines the figures were \$114 million for income and excess profits taxes, and \$38 million for all other taxes.

The following table presents on the same basis, as far as practicable, the operating revenues, net investment in carrier property, and taxes in 1960 for selected groups of carriers in four modes.

*Revenue, net investment, and taxes—1960*

(Thousands)

|                                                                     | Operating revenue        | Investment in carrier property and equipment less depreciation and amortization (as of Dec. 31, 1960) | Taxes                     |           |
|---------------------------------------------------------------------|--------------------------|-------------------------------------------------------------------------------------------------------|---------------------------|-----------|
|                                                                     |                          |                                                                                                       | Income and excess profits | All other |
| Class I line-haul railroads.....                                    | <sup>1</sup> \$9,514,294 | \$22,909,733                                                                                          | <sup>2</sup> \$202,991    | \$795,808 |
| Motor carriers of property (class I intercity) <sup>3</sup> .....   | 4,753,458                | -----                                                                                                 | 46,303                    | 290,716   |
| Motor carriers of passengers (class I intercity) <sup>4</sup> ..... | 460,362                  | -----                                                                                                 | 27,174                    | 36,295    |
| Water carriers (class A and class B).....                           | <sup>5</sup> 255,416     | 203,918                                                                                               | 9,550                     | 3,857     |
| Oil pipelines.....                                                  | 770,417                  | 1,967,311                                                                                             | 114,412                   | 37,832    |

<sup>1</sup> Railway operating revenues.

<sup>2</sup> U.S. Government income and excess profits taxes only.

<sup>3</sup> From Quarterly Report Q-800.

<sup>4</sup> From Quarterly Report Q-750.

<sup>5</sup> Total water-line operating revenues.

<sup>3</sup> Public Law 87-61.

## RATE PROCEEDINGS AND ACTIVITIES

Due primarily to increases in operating costs, the freight rates and charges of the Nation's railroads were increased as were also their rates of pay and compensation for transporting the mail and services in connection therewith. General upward adjustments in their freight rates were also made by motor carriers and water carriers.

Rail carriers were authorized generally to establish modest increases in their freight rates and charges in Ex Parte No. 223, *Increased Freight Rates, 1960*, 311 I.C.C. 373. Railroad net earnings declined in each of the previous 4 years (1956 through 1959) and further sharp declines were experienced in the first 7 months of 1960. Despite the increases authorized, the downward trend in net income continued and the net income reported for all class I railroads in the United States for 1960 was \$444.6 million. Class I motor carriers of property also reported a decline in net earnings for 1960 as compared to the previous year. On the other hand, the class A water carriers experienced an increase in their net earnings for 1960 as compared to 1959.

The rates of pay and compensation for transporting the mail and services rendered in connection therewith by the southern, eastern, and western railroads were increased in *Railway Mail Pay, 1960*, 311 I.C.C. 579. An independent investigation made by the Post Office Department confirmed the fact that unit costs had increased, 1959 over 1956, by an amount only slightly less than the percentage increases granted. We also recommended that the Post Office Department and the railroads cooperatively undertake the joint development of "feasible sampling methods to be periodically employed during representative calendar-year periods for the purpose of obtaining current information reflecting refined mail costs," in order to effectuate a substantial reduction in the large expenditures for the requisite carrier cost studies.

As set out in our last annual report, the New York, New Haven and Hartford Railroad Company proposed a 10-percent increase in certain passenger fares, principally commutation fares, to become effective February 4, 1960. Those fares were permitted to go into effect, but an investigation was instituted into their lawfulness. In March 1960, by a supplemental order, an exhaustive investigation was begun for the purpose of determining, among other things, that carrier's need for revenues to provide adequate and efficient service. The proceeding is discussed further under the chapter "Transportation Highlights."

## GENERAL RATE WORK

*Tariffs*

During the year, 204,275 publications containing newly established or changed freight, express, pipeline, or freight forwarder rates, passenger fares, or contract carrier rate schedules were received for examining and filing. The detailed figures follow:

## FREIGHT

|                        |                           |          |
|------------------------|---------------------------|----------|
| Common carrier:        | <i>Tariffs received</i>   |          |
| Rail.....              | 58, 407                   |          |
| Motor.....             | 113, 756                  |          |
| Water.....             | 2, 061                    |          |
| Pipeline.....          | 514                       |          |
| Freight forwarder..... | 9, 457                    |          |
| Total.....             | 184, 195                  |          |
| Contract carrier:      | <i>Schedules received</i> |          |
| Motor.....             | 3, 604                    |          |
| Water.....             | 29                        |          |
| Total.....             | 3, 633                    |          |
| Total freight.....     |                           | 187, 828 |

## PASSENGER

|            |                         |  |
|------------|-------------------------|--|
|            | <i>Tariffs received</i> |  |
| Rail.....  | 7, 056                  |  |
| Motor..... | 8, 136                  |  |
| Water..... | 113                     |  |
| Total..... | 15, 305                 |  |

## EXPRESS

|                                  |                         |         |
|----------------------------------|-------------------------|---------|
|                                  | <i>Tariffs received</i> |         |
| Rail.....                        | 605                     |         |
| Motor.....                       | 537                     |         |
| Total.....                       | 1, 142                  |         |
| Total passenger and express..... |                         | 16, 447 |

Grand total..... 204, 275

Of these tariffs and rate schedules, 4,057 were rejected by the Bureau of Traffic for failure to give the notice required by the statute or for nonconformity with the Commission's regulations, and 19,072 were criticized but were accepted for filing. Filings of powers of attorney, certificates of concurrence, and revocation notices aggregated 17,720.

There were received, indexed, and filed 23,852 quotations or tenders submitted pursuant to the provisions of section 22 of the act for the transportation of property or persons free or at reduced rates for the U.S. Government.

Applications requesting permission to change rates or other tariff provisions on less-than-statutory notice, or to depart from the tariff

publishing rules, numbered 11,692. With the 103 pending on July 1, 1960, the total was 11,795 applications, of which 10,119 were approved and 1,504 were denied, leaving 172 pending on July 1, 1961. There were received and filed 3,221 copies of contracts between motor contract carriers and shippers, while 32,758 contracts or amendments to existing contracts between freight forwarders and motor common carriers were filed pursuant to section 409 of the act as amended.

The filing of appropriate rate tariffs or schedules by motor carriers was checked preliminary to the issuance of 4,047 new or amended permanent operating certificates and permits, and in connection with 1,547 transfers of operating rights. Similar checks were made in connection with the granting of 3,073 applications for temporary operating authority. The duplicate tariff file for public use was continued.

### *Released Rates*

Applications for authority under sections 20(11), 219, and 413 to establish rates dependent upon declared or agreed value totaled 64. Twelve were pending July 1, 1960, for a total of 76, of which 40 were granted, 4 denied, 12 withdrawn, and 20 pending at the end of the year. Three orders previously entered were rescinded.

### *Suspensions*

A total of 4,855 rate adjustments involving changes in tariffs of rail, motor, water, freight forwarder, pipeline, and express carriers were considered by the Suspension Board. This was an increase of 603 or 14 percent over fiscal 1960. Of the total, 194 reflected increases, 4,428 reductions, 196 both increases and reductions, and 37 neither increases nor reductions. There were 7,590 tariff publications of one or more pages involved in these adjustments. All but 28 of the adjustments were protested. Protests totaled 5,422 of which 33 were from State or Federal government agencies and 1,402 from shippers and receivers. The remaining 3,987 were from competing carriers. Statements from shippers and others intervening in support of the proposals totaled 1,242. Petitions to vacate, investigate, or discontinue totaled 226. In 521 instances appeals were filed for reconsideration of the Suspension Board's conclusion not to suspend. A total of 616 investigation and suspension proceedings involving 1 or more adjustments were discontinued upon cancellation of the schedules under special permission authority and advice that the carriers would not attempt to justify the suspended matter.

The following actions were taken on the 4,855 adjustments:

|                                                                                                                                  | Rail  | Motor | Water | Freight<br>forwarder | Express<br>and<br>pipeline | Total  |         |
|----------------------------------------------------------------------------------------------------------------------------------|-------|-------|-------|----------------------|----------------------------|--------|---------|
|                                                                                                                                  |       |       |       |                      |                            | Number | Percent |
| Suspended in full.....                                                                                                           | 252   | 1,412 | 26    | 49                   | 5                          | 1,744  | 35.9    |
| Suspended in part.....                                                                                                           | 17    | 92    | 3     | 0                    | 0                          | 112    | 2.3     |
| Not suspended (permitted to<br>become effective).....                                                                            | 743   | 1,233 | 42    | 87                   | 9                          | 2,114  | 43.5    |
| Otherwise disposed of (sched-<br>ules rejected, protest with-<br>drawn, protested schedules,<br>canceled by carriers, etc.)..... | 123   | 725   | 17    | 19                   | 1                          | 885    | 18.3    |
| Total.....                                                                                                                       | 1,135 | 3,462 | 88    | 155                  | 15                         | 4,855  | 100.0   |

#### *Fourth Section Board*

The Board received 865 applications for relief from the long-and-short-haul and aggregate-of-intermediate-rates provisions of section 4, an increase of 21 over the previous year. In addition 113 were pending on July 1, 1960. Of these 978 applications, 32 were withdrawn, 40 were denied, 807 were granted in whole or in part, and 99 are pending. The number of orders entered in response to applications was 890, of which 51 were denial orders, 39 were orders granting temporary relief, and 800 were orders granting continuing relief. Six formal reports relating solely to fourth-section matters were issued. Petitions filed for modification of outstanding orders totaled 77, and 13 were pending on July 1, 1960. Of these 90 petitions, 11 were denied, 77 were granted in whole or in part, and 2 are pending.

#### *Use of Section 22 Rates*

Our annual report last year stated that this Commission, the Office of Statistical Standards of the Bureau of Budget, and other agencies had taken certain steps to comply with the suggestions of the Senate and House Committees on Interstate and Foreign Commerce that studies be made to provide information concerning the actual results of the use of section 22 on governmental traffic. The report further stated that two agencies had completed such studies, that another had a study under way, and that a fourth agency planned to conduct a study.

One of the completed studies was submitted during the year to a congressional committee, and the one undertaken by the General Accounting Office was understood to be nearly complete.

#### *Informal Rate Cases and Related Work*

Requests for photostatic copies and certificates of tariff publications received and disposed of numbered 1,321. In the waybill statistics work, 214,615 rail freight waybills were analyzed and checked to determine the first-class rates and short-line distances involved. Of these, 102,827 were processed manually and 111,788 mechanically, an increase in the latter of approximately 46,000 over last year.

Informal complaints filed under parts I, II, III, and IV of the act (other than complaints related to rates handled by the field staff of the Bureau of Motor Carriers) numbered 1,097, a decrease of 344 from the previous year. Such complaints generally are handled by the Section of Rates and Informal Cases, Bureau of Traffic. The number disposed of was 1,325. Fewer informal cases were pending at the end of the year than for a number of years. In a large number of the complaints, refunds of overcharges were obtained for shippers and passengers, as well as adjustments in charges for misrouting of shipments by the carriers. Informal handling with the carriers also resulted in many adjustments of claims for damage to freight.

Railroads filed 1,148 special-docket applications requesting authority to refund freight charges alleged to be unreasonable. The total was 13 fewer than last year. Refunds were authorized in 976 cases, an increase of 127, and reparation awarded totaled \$1,096,248.01. The largest single award was \$26,135.40 and embraced 32 shipments. In addition, 394 special-docket cases were dismissed or disposed of without orders.

Approximately 8,000 letters, many of which had the characteristics of informal complaints, although not classified as such, also were handled.

In cases of dispute, interested parties are given assistance in tariff interpretation and in adjusting their rate and other transportation difficulties through the medium of informal conferences and by correspondence. Thus, in appropriate cases, problems of complainants, defendants, and other affected parties are handled by an inexpensive procedure. Litigants or disputants are encouraged to avail themselves of this informal procedure, including informal conferences with the Commission staff, whenever practical, to save time, effort, and expense for themselves as well as for the Government.

### *Rate Bureaus and Agreements*

The following tabulations shows that activity related to requests for approval of ratemaking agreements and procedures under section 5a remained at practically the same level as in the preceding year.

| Actions under section 5a                                                                                     | July 1, 1959,<br>through<br>June 30, 1960 | July 1, 1960,<br>through<br>June 30, 1961 |
|--------------------------------------------------------------------------------------------------------------|-------------------------------------------|-------------------------------------------|
| Applications and petitions for approval of new agreements and amendments pending at beginning of period..... | 11                                        | 11                                        |
| Applications for approval of new agreements received.....                                                    | 4                                         | 3                                         |
| Petitions for approval of amendments to agreements received.....                                             | 11                                        | 12                                        |
| Disposition:                                                                                                 |                                           |                                           |
| Approved.....                                                                                                | 12                                        | 12                                        |
| Denied.....                                                                                                  |                                           | 1                                         |
| Dismissed.....                                                                                               | 3                                         | 1                                         |
| Pending at end of period.....                                                                                | 11                                        | 12                                        |

<sup>1</sup> Includes one which has been considered, but approval withheld until prescribed changes are effected.

*Formal Rate and Section 25 Proceedings*

The Bureau of Rates and Practices conducted 68 motor carrier rate hearings, 180 hearings involving rail, freight forwarder, or water carrier rates, and 64 hearings on applications arising under section 25 of the Interstate Commerce Act, the Locomotive Inspection Act, and related acts. These totals compare with 82 motor rate hearings and 201 hearings involving rail, freight forwarder, and water carrier rate proceedings and proceedings arising under section 25 of the act and related acts during the previous year. Prior to 1961, section 25 and related proceedings were not counted as separate proceedings for purposes of the Annual Report.

Oral arguments were heard in 1 motor rate proceeding and 14 rail and other rate proceedings involving freight forwarders or water carriers, compared with 1 oral argument involving a motor rate proceeding and 22 oral arguments in rail, freight forwarder, and water carrier rate proceedings the previous year.

Formal complaints involving rail and other than motor carrier rates totaled 114, of which 105 were original complaints and 9 sub-numbered complaints.

Eighty-nine investigations involving rail and other than motor carrier rates were instituted. Rail investigation and suspension proceedings instituted during the same period totaled 259.

There were 284 rail rate proceedings decided, and 262 dismissed or discontinued, on stipulation, on complainants' requests, or for other reasons, making a total of 546 rail rate proceedings disposed of compared with 534 the previous year.

Twenty-nine formal complaints involving motor carrier rates were filed. One-hundred and seven investigations, and 1,164 investigation and suspension proceedings involving motor carrier rates were instituted.

One-hundred and ninety-five proceedings involving motor carrier rates were decided by the Commission or a division; 35 by recommended orders which became effective by operation of law in the absence of objections filed thereto; and 1,007 by dismissal on stipulation or on the complainants' requests, or by discontinuance, making a total of 1,237 motor carrier proceedings disposed of, compared with 1,602 in the previous year.

Proceedings reopened for further hearing and reconsideration numbered 78, of which 30 involved motor carrier rates and the remainder railroad or other rates.

The Bureau also handled and disposed of, after hearing, 40 nonrate proceedings arising under section 25, the Locomotive Inspection Act, and related acts. Thirty-five of these proceedings were decided by a

division of the Commission; four by effective recommended order; and one was dismissed.

Following is a summary of rate proceedings and proceedings arising under section 25 and related acts considered in the years 1958 through 1961.

|                                         | 1958 |       | 1959 |                  | 1960 |       | 1961             |       |
|-----------------------------------------|------|-------|------|------------------|------|-------|------------------|-------|
|                                         | Rail | Motor | Rail | Motor            | Rail | Motor | Rail             | Motor |
| Pending.....                            | 487  | 595   | 500  | 829              | 396  | 552   | 566              | 457   |
| Instituted in year: (Rate proceedings)  |      |       |      |                  |      |       |                  |       |
| Formal complaints.....                  | 124  | 51    | 141  | 30               | 134  | 22    | 105              | 29    |
| Subnumbered complaints.....             | 10   | 5     | 18   |                  | 8    |       | 9                |       |
| Investigations.....                     | 33   | 47    | 173  | <sup>1</sup> 423 | 124  | 165   | 89               | 107   |
| Investigation and suspension.....       | 241  | 1,624 | 254  | 1,255            | 194  | 943   | 259              | 1,164 |
| Other proceedings <sup>2</sup> .....    |      |       |      |                  |      |       | 84               | 3     |
| Totals.....                             | 408  | 1,726 | 586  | 1,708            | 460  | 1,130 | 546              | 1,303 |
| Other than rate proceedings:            |      |       |      |                  |      |       |                  |       |
| Section 25 and related proceedings..... |      |       |      |                  |      |       | <sup>3</sup> 26  |       |
| Totals.....                             | 408  | 1,726 | 586  | 1,708            | 460  | 1,130 | 572              | 1,303 |
| Disposed of in year:                    |      |       |      |                  |      |       |                  |       |
| All rate proceedings.....               | 466  | 1,573 | 439  | 1,475            | 534  | 1,602 | 546              | 1,237 |
| Other than rate proceedings:            |      |       |      |                  |      |       |                  |       |
| Section 25 and related proceedings..... |      |       |      |                  |      |       | <sup>3</sup> 40  |       |
| Totals.....                             | 466  | 1,573 | 439  | 1,475            | 534  | 1,602 | 586              | 1,237 |
| Petitions disposed of in year.....      | 395  | 218   | 346  | 140              | 355  | 133   | 273              | 158   |
| Under submission.....                   | 79   | 50    | 110  | 58               | 64   | 89    | 95               | 57    |
| Pending (includes petitions).....       | 487  | 595   | 500  | <sup>1</sup> 829 | 396  | 552   | <sup>4</sup> 566 | 457   |

<sup>1</sup> Includes proceedings involving previously exempt commodities.

<sup>2</sup> Such proceedings, which were not counted as separately instituted proceedings for purposes of prior annual reports, includes section 4, section 5a, and Released Rates Applications, and Ex Parte proceedings. The rail category of the latter also includes matters involving the discipline of practitioners.

<sup>3</sup> Not counted as separate proceedings for purposes of prior annual reports.

<sup>4</sup> Also includes other than rate proceedings.

### *Percent of formal rate proceedings handled by the modified procedure method*

|                                      | 1958 | 1959 | 1960 | 1961 |
|--------------------------------------|------|------|------|------|
| Other than motor carrier:            |      |      |      |      |
| Formal complaints.....               | 51   | 73   | 37   | 69   |
| Investigation and suspension.....    | 35   | 19   | 31   | 49   |
| Motor carriers:                      |      |      |      |      |
| Formal complaints.....               | 32   | 71   | 45   | 38   |
| Investigation and suspension.....    | 88   | 75   | 42   | 87   |
| Other rate proceedings: <sup>1</sup> |      |      |      |      |
| Motor.....                           |      |      |      | 59   |
| Rail.....                            |      |      |      | 20   |

<sup>1</sup> Such proceedings include investigations without suspensions, section 4, section 5a, and Released Rates Applications, and Ex Parte proceedings. No separate record of the percentage of these proceedings handled by modified procedure was kept prior to 1961.

### *Cases of Special Importance*

Reports were issued during the year in the following proceedings of special importance:

Ex Parte No. 223, *Increased Freight Rates, 1960*, 311 I.C.C. 373, decided October 20, 1960. On September 7, 1960, substantially all of the class I railroads in the United States, and many railroads of

other classifications, filed tariff schedules proposing increases in their line-haul rates generally of 0.5 cent in all rates not exceeding 65 cents per 100 pounds and 1 cent in all higher rates, and equivalent increases in rates published per ton or other unit, together with increases in minimum charges per shipment or per car and in charges for various accessorial services.

Because of the critical need of the railroads for additional revenue, sufficient at least to offset in part increased costs not considered in prior increased rate proceedings, we promptly approved many of the proposed increases as generally just and reasonable, and they were permitted to take effect on October 24, 1960. Our findings were without prejudice to different conclusions which might be reached as to various parts of the proposal which were suspended for investigation or subjected to separate investigations only under special rules of procedure. With these increases, the average rate of return on net investment of the railroads of the country was estimated in this proceeding as 2.53 percent.

Matters suspended for investigation, as well as those made subject to separate investigation only, include proposed increases in rates on fresh fruits and vegetables, coal and petroleum coke, iron ore, and pulpboard and fiberboard; proposed increases in switching charges; minimum charges per car, and charges for car detention or rental; the establishment of a charge for a third stop for transit; and a proposed reduction in the free-time allowance for detention of cars at ports. Investigations thus far completed include Ex Parte No. 223 (Sub-No. 10), *Increased Freight Rates, 1960 (Rule 7)*, 313 I.C.C. 471, decided April 11, 1961, wherein we disapproved application of the proposed increases in the line-haul rates to each factor of combination rates, and instead authorized the application of a single increase to the through combination or aggregate; (Sub-No. 1), *Minimum Charges Per Car*, 313 I.C.C. 563, decided April 24, 1961; (Sub-No. 3), *Increased Rates on Iron Ore*, 313 I.C.C. 549, decided April 20, 1961; and (Sub-No. 9), *Increased Rates on Fresh Fruits and Vegetables*, 313 I.C.C. 519, decided April 18, 1961, in all of which the proposed increases were approved.

No. 32871, *Coal to New York Harbor Area*, 311 I.C.C. 355, decided October 7, 1960. In this proceeding we approved proposed reduced rates on bituminous coal from mines in Pennsylvania, Virginia, West Virginia, and Kentucky to electric utilities at certain destinations along the North Atlantic seaboard from Salem, Mass., to Baltimore, Md., conditioned upon the receipt of at least 500,000 tons annually, the reduction applying on amounts over specified volumes. The purpose of these reduced rates was to prevent loss, to offshore residual oil, of large volumes of coal moving by rail to such utilities.

No. 33316, *Railway Mail Pay, 1960*, 311 I.C.C. 579, decided November 17, 1960. Upon applications by the railroads of the country seeking a reexamination of the rates of pay for the transportation of the United States mail, and services rendered in connection therewith, we found that fair and reasonable compensation to be received by the southern and western applicants for such mail services on and after September 1, 1960, to and including November 30, 1960, was 13 percent, and for the eastern railroads 8 percent, in addition to the compensation paid or accrued at the established rates in effect during that period; and that on and after December 1, 1960, fair and reasonable rates of pay and compensation for the applicants were those specified in an appendix to the report, which reflected equivalent percentages of increase.

I. & S. No. 6615, *Equalization of Rates at North Atlantic Ports*, 311 I.C.C. 689, decided December 5, 1960. The rail carriers serving the ports of Albany and New York, N.Y., and United States ports north thereof, sought to remove longstanding port differentials and thus to equalize the rates on export and import traffic, except coal, coke, and iron ore, between all North Atlantic ports and interior points in central territory generally west of Pittsburgh, Pa., and Buffalo, N.Y. We found that such equalization would be unduly prejudicial to Baltimore, Md., Philadelphia, Pa., and Norfolk and Newport News, Va., and unduly preferential of the northern tier ports. Accordingly, we required cancellation of the proposed tariff schedules, which had the effect of continuing the present port differentials on this traffic. This proceeding is pending in court.

I. and S. No. M-10415 and related cases, *Commodities—Pan-Atlantic S. S. Corp.*, 313 I.C.C. 23, decided December 19, 1960. In these cases we had under consideration the lawfulness of numerous reduced motor-water-motor and rail-water-rail rates of the remaining North Atlantic and Gulf coastwise lines, namely, Sea-Land Service, Inc. (formerly Pan-Atlantic Steamship Corporation) and Seatrain Lines, Inc., as well as all-rail trailer-on-flat-car (TOFC) rates, on numerous commodities between points in the East, on the one hand, and, on the other, points in the South and Southwest; also from and to points in the South and between such points, on the one hand, and, on the other, points in the Southwest.

We found that "where necessary to permit an essential, efficiently operated water carrier to participate in the economical movement of traffic, the service in connection with the water carrier should be accorded some advantage in the form of lower rates. This is so not only on traffic between the ports, but also to and from interior points, for coastwise carriers can not survive on port-to-port traffic alone." Accordingly, we further found that "the objectives of the national

transportation policy require the establishment and maintenance of a differential relationship between the rates under investigation on Sea-Land and Seatrains service, on the one hand, and the rates of the rail carriers, on the other, which will allow these water carriers operating on the coastwise trade to maintain rates that will enable them to continue efficient and economical coastwise service."

We expressed the opinion that the rail TOFC rates there in issue should be maintained on a level no lower than 6 percent above the Sea-Land and Seatrains rates. The all-rail rates under investigation were required to be canceled, without prejudice to the establishment of such an adjustment. While the matter of an appropriate differential for coastwise service under the rail boxcar service was not here directly in issue, we expressed the view that, as boxcar service is inferior to TOFC service, the differential under the boxcar rates should be somewhat less than 6 percent. Our order in these proceedings is now under attack in the courts.

I. and S. No. 7250, *Contract Rates, Rugs and Carpeting from Amsterdam, N. Y.*, 313 I.C.C. 247, decided February 13, 1961. For the first time, we had under consideration proposed reduced contract rates published to apply only upon signed agreement by the shipper that it would move at least 80 percent of its traffic covered by the rates, within a period of a year, over the lines of the respondent carrier. A higher noncontract rate would have applied on all of the shipper's traffic in the event of default in performance. The agreement would have prohibited the respondent from voluntarily increasing the contract rates during the term thereof. The contract rates would have been available to all shippers or receivers willing to execute the contract.

The respondent conceded that should the proposed rates be approved it would extend contract rates to other points and other commodities, and the protesting motor carriers stated that they would follow with similar rates. The evidence showed that if this occurred between points on the lines of the respondent and competing motor carriers, it could be expected to spread to other railroads and motor carriers, and eventually to encompass much or most of the common-carrier traffic of the country. In our judgment, the end result would have been the destruction, in large measure, of what is generally a just, reasonable, and otherwise lawful rate structure necessary to maintain an adequate national transportation system. Such a destructive effect upon the general rate structure could not be countenanced without strong and compelling reasons. No such reasons appeared, and we observed that "where lower rates on traffic, all of which moves under substantially similar transportation circumstances, are necessary to regain or retain traffic, the remedy of re-

ducing regularly published rates is available and should be used." We found that the contract rates were unjust and unreasonable in that they constituted a destructive competitive practice within the meaning of the national transportation policy. A lower court affirmed our findings and an appeal is pending in the Supreme Court.

No. 32456, *Hillsborough County Port Authority v. Ahnapée & W. Ry. Co.*, 313 I.C.C. 691, decided May 17, 1961. In this proceeding class and commodity rates on export and import traffic between the port of Tampa, Fla., and points in central territory generally on and east of the Mississippi River from Cairo, Ill., to Dubuque, Iowa, were found by Division 2 to be unduly prejudicial to Tampa and unduly preferential of South Atlantic and Gulf ports to the extent that they exceeded the highest corresponding rates between any of the latter ports and the same interior points.

I. and S. No. M-14400 and related cases, *Increased Fares Between Washington, D.C., and Virginia*, 313 I.C.C. 793, decided June 1, 1961. Petitions jointly filed by the Alexandria, Barcroft and Washington Transit Company and the Washington, Virginia and Maryland Coach Company sought to increase their motor-carrier fares between the District of Columbia and points in Virginia, and requested us to modify our outstanding orders so as to permit the establishment of the increased fares. While these proceedings were pending, the interstate compact creating the Washington Metropolitan Transit Commission, called the Transit Commission, became operative on March 22, 1961. Our jurisdiction to continue and conclude these proceedings had to be determined in the light of the provisions of the congressional joint resolution (Public Law 86-794, 86th Congress, approved September 15, 1960) authorizing the compact and creating the Transit Commission. We concluded that our jurisdiction ceased by transfer of such jurisdiction to the Transit Commission upon the effective date of the compact, and that the latter Commission had the authority under the compact to process to a conclusion any proceedings thus transferred to it. We stated that we were prepared to cooperate with the Transit Commission in carrying out its responsibilities in this respect.

No. 10122, *Standard Time Zone Investigation*, 314 I.C.C. 101, decided June 6, 1961. Upon petitions by numerous counties and others in the affected areas, and after extensive hearings, our outstanding orders, entered under the authority of the Standard Time Act, 15 U.S.C. 261-265, were modified so as to include portions of Indiana and Kentucky in the eastern zone. Requests for further extensions of the eastern zone in Indiana, Kentucky, and Tennessee were denied.

I. and S. No. 6074 and related case, *Iron Ore from Eastern Ports to C.F.A. Points*, 314 I.C.C. 149, decided June 15, 1961. Certain eastern railroads filed tariff schedules which would have established rate parity on import iron ore from Baltimore, Md., Philadelphia, Pa., and New York, N.Y., to the Wheeling, W. Va., and Youngstown and Steubenville, Ohio, steel-producing areas. In a prior report, 299 I.C.C. 195, such rate parity was approved. Upon appeal to the courts, parity of rates on this traffic between New York, on the one hand, and Philadelphia and Baltimore, on the other, was enjoined, whereupon we reopened these proceedings for further hearing. Upon this further hearing, we approved rate parity as between Baltimore and Philadelphia but found that establishment of the same rates from New York would be unduly preferential of that port and unduly prejudicial to the ports of Baltimore and Philadelphia. In this same report, we affirmed a prior finding in 302 I.C.C. 109 that proposed reduced rail rates on Labrador iron ore moving from Contracoeur, Quebec, Canada, and Philadelphia to the Youngstown area were not shown to be just and reasonable, without prejudice to the establishment of rates approved in the report. A complaint has been filed in court attacking our order.

No. 32533, *Eastern Central M. Carriers Assn. v. Baltimore & O. R. Co.*, 314 I.C.C. 5, decided June 19, 1961. We found lawful (1) the rail rates and charges on loaded or empty trailers and containers, moving in plan III and plan IV trailer-on-flat-car (piggyback) service, and the rules in connection therewith; and (2) freight-forwarder volume commodity rates published principally for use in connection with such service. This type of service has been of material aid in attracting or retaining traffic to railroads which otherwise would move in private transportation. A complaint has been filed in court attacking our order.

No. 33270, *Various Class Rates, TOFC, Between TL & CFA Territories*, 314 I.C.C. 261, decided June 28, 1961. Division 2 found not shown to be just and reasonable motor-rail trailer-on-flat-car joint class rates between points in Nassau and Suffolk counties, N.Y., and points in central and trunkline territories. In this first formal decision of the Commission dealing with plan V rates the evidence was found inadequate to support a determination that the proposed rates would be compensatory. A petition for reconsideration is pending.

Reports affecting intrastate rates were issued in the following proceedings arising under section 13(3) of the act:

No. 32808, *Oregon Intrastate Freight Rates and Charges*, 311 I.C.C. 777, decided December 21, 1960.

No. 33051, *Minnesota Intrastate Freight Rates and Charges*, 313 I.C.C. 291, decided February 20, 1961.

No. 33285, *Idaho Intrastate Freight Rates and Charges*, 313 I.C.C. 727, decided May 19, 1961.

No. 32463, *Missouri Intrastate Freight Rates and Charges*, 314 I.C.C. 89, decided June 6, 1961.

Some of the pending rate proceedings of special importance not mentioned elsewhere herein are:

I. and S. No. 7583, *Cement within Southern Territory and from Hagerstown, Md., to the South*. The railroads proposed reduced rates on cement in the south when moving in bulk in covered hopper cars. The primary issues are whether the rates are below the railroads' costs of rendering the proposed transportation services, and whether under section 15(a)(3), the proposed reductions constitute a destructive competitive practice, violative of the national transportation policy, and are therefore unreasonable. The proposed rates were published to become effective on May 15, 1961, and later dates, but upon protests from several motor carriers were suspended until December 15, 1961, and January 16, 1962.

No. 31711, *Fresh Vegetables from Texas, California, Arizona, and New Mexico*. This investigation concerns the justness and reasonableness of the rates for the carload transportation of fresh or green vegetables from Texas, New Mexico, Arizona, and California to destinations in official, western trunkline, and southern territories. This proceeding was initiated after petitions had been filed with us by the rail carriers in official and southwestern territories alleging that the rates from Texas on this traffic, in certain instances prescribed by our order in a prior proceeding, and upheld by the Supreme Court in *Baltimore & O.R. Co. v. United States*, 345 U.S. 146, were nevertheless noncompensatory and rendered impracticable the revision of the vegetable adjustment from all of these States to a basis reasonably related to the cost of service. Proposals of certain of the respondent carriers for substantial increases in these rates are pending.

No. 31358, *Chicago, Burlington & Quincy R. Co. et al. v. New York, Susquehanna & Western R. Co. et al.*, and No. 33145, *Railroad Freight Car Per Diem Charges*. Further hearing in these proceedings on a common record is to be held for the purpose of enabling determination by the Commission of the rate of per diem or other compensation to be paid to the owning roads by the using roads for the use of freight cars or of a formula to be used by the roads in arriving at such car rental. The Commission's staff has for some time and is now engaged in collecting from the carriers data called for by a number of orders indicating by questionnaire the types of current information to be submitted to it. When the information has been analyzed by the staff and theories formulated, it will be submitted in evidence.

No. 30744, *American Barge Line Company et al. v. Alabama Great Southern R. Co. et al.* Three prior reports have been extensively discussed in our last two annual reports. Pursuant to a decree of the United States District Court for the Northern District of Alabama, this proceeding was reopened for further hearing solely to receive evidence with respect to the divisions received by the railroads on ex-rail traffic at certain Tennessee River ports. Further hearing was held and a hearing examiner's recommended report is pending.

No. 32551, *Cudahy Packing Co. v. Akron, Canton & Youngstown R. Co. et al.* This complaint involves rail rates on fresh meats and packinghouse products from Omaha, Wichita, and Denver to destinations throughout the United States. The complainant alleges that the rates are unduly prejudicial to it, in that lower and preferential rates are maintained from the plants of competitors at other origins in the Midwest. The defendants are substantially all of the Nation's railroads.

I. and S. No. 7656, *Grain in Multiple-Car Shipments—River Crossings to the South.* In this proceeding, the Southern Railway System proposed to establish multicar rates (5, 10 or 20 cars) on grain, minimum 450, 900, and 1,800 tons per shipment, from Ohio and Mississippi river crossings to destinations on their lines in the South. The traffic would be subject to minimum loads per car of 180,000 pounds. Large size cars, which only the Southern can now supply, would be used. The other competing southern railroads proposed like rates, including rates to additional points on their lines, but subject to a minimum 100,000 pounds per car. The rates were protested on the ground that they were unreasonably low, and that they were lower than necessary to meet bargeline competition.

No. 31503, *Akron, Canton & Youngstown R. Co. et al. v. Atchison, Topeka & Santa Fe Ry. Co. et al.*, and subnumbers 1 to 5 inclusive. These cases relate to divisions of joint rates between Mountain Pacific territory and the rest of the conterminous United States except southern territory. There are three principal groups of contending parties: transcontinental railroads, midwestern railroads, and eastern railroads. In their recommended report and order, the hearing officers found the present divisions unjust, unreasonable, and inequitable, and prescribed new divisions.

No. 29885, *In the Matter of Divisions of Joint Rates Between Official and Southern Territories.* In our original report in this proceeding, 287 I.C.C. 497, we prescribed a new basis of divisions of joint interterritorial rates between official and southern territories, which was later amended in a report on reargument, 289 I.C.C. 4. The findings were interpreted in the three later reports, 291 I.C.C. 90; 294 I.C.C. 739; and 298 I.C.C. 83. The prescribed basis became effective July 15,

1953. Upon petition filed by the northern lines, the proceeding was reopened to permit us to reexamine these divisions; further hearing has been held.

No. 31874, *Southeastern Association of Railroad and Utilities Commissioners et al. v. Atchison, T. & S.F. Ry. Co. et al.* This proceeding embraces seven other complaints and is generally referred to as the *Southern Governors' Grain Rate Case*. The complaints attack the lawfulness of the rates on grain and grain products by railroads and by barge-railroad to, from, and within the South. An extensive record has been compiled in more than 70 days of hearing in which all segments of the grain trade, including trade and market organizations, shipper groups, State commissions, and other agencies concerned with the growing, processing, marketing, and transportation of grain participated.

No. 32385, *Increased Rates—Central States Territory—1958*. This is a proceeding instituted by the Commission under date of May 13, 1958, into the reasonableness and lawfulness otherwise of the class and commodity rates, classification of property, and the rules, regulations and practices relating thereto, with certain exceptions, of motor carriers of property in central territory. On December 2, 1958, an order was entered requiring the respondents to furnish certain described traffic data. Based thereon, and on certain field studies, the Cost Finding Section made a study which was released on May 12, 1961.

I. and S. No. 7558, *Reduced Transcontinental Lumber Rates, 1961*. In issue here are proposed reductions of 7 cents per 100 pounds in the carload railroad rates on lumber, and related articles, principally from origins in transcontinental territory to points throughout the United States east thereof. The proposed rates at higher minimum weights would alternate with the present rates subject to lower minimums.

No. 29777, *Kansas Corp. Comm. v. Atchison, T. & S.F. Ry. Co. et al.*, and four embraced complaints. This proceeding is concerned with the lawfulness of rates on grain and grain products by railroad from an extensive producing area in the West and Southwest to destinations in the South. There have been two earlier reports by the Commission, 289 I.C.C. 553, and 301 I.C.C. 703. Pursuant to the court's decision in *State of Oklahoma v. United States*, 193 F. Supp. 261 (1960), we reopened these proceedings for further hearing. A hearing examiner's recommended report is pending.

No. 33768, *Tennessee Products and Chemical Corp. et al. v. Louisville and Nashville R. Co.* The complaint was filed May 22, 1961, the Tennessee Valley Authority (TVA) has intervened as a party defendant, and for practical purposes can be regarded as the principal defendant. The central issue in this proceeding will be the scope and

interpretation of section 22 of the Interstate Commerce Act providing for the permissive publication of free or reduced rates for the Government. The complainants have until recently been shipping coal to the TVA. This complaint alleges that the defendant railroad has now published greatly reduced rates on coal from a more distant coal producing area, in western Kentucky, to the TVA steam plant adjacent to Bridgeport, Ala; that such rates as section 22 rates are unreasonably low and discriminatory; that they cause undue preference of coal mines and operators in the western Kentucky field and undue prejudice to complainants. The complaint also alleges that the TVA may not be regarded as the United States Government, and that the coal in question is not entitled to special section 22 rates.

Some pending proceedings, other than rate proceedings, of special importance are:

No. 33440, *Prevention of Rail-Highway Grade-Crossing Accidents Involving Railway Trains and Motor Vehicles*. This is an investigation to determine the adequacy of the Commission's present safety regulations and whether additional legislation is needed to reduce or eliminate accidents at railroad-highway crossings involving trains and motor vehicles transporting liquid petroleum, petroleum<sup>m</sup> products, explosives, and other similar dangerous articles. A prehearing conference has been completed.

No. 33746, *Drawbar Extensions on Pullman-Standard Hydroframe-60 Box Cars*. This case involves an investigation into the use of drawbar extensions based upon a sliding frame principle extending 30 inches from the end of the car and which, upon impact, collapse to absorb shock.

## OPERATING AUTHORITIES

The activities of surface carriers and others concerned with operating authorities continued to increase the overall workload of the Bureau of Operating Rights. Although total filings for permanent motor carrier operating authority decreased, due probably to influences of the general business recession, receipts of newly filed applications in the last 6 months of the fiscal year resumed their previous high level. Filings of temporary authority applications, registration of State certificates, and deviation notices increased, as did proceedings involving water carriers and freight forwarders. Complaints and investigations concerning carriers' fitness and unlawful or "gray area" operations increased. Hearings were held at approximately the same rate as in the previous year.

In spite of the increasing workload, however, progress was made in the disposition of the formal proceedings. Only a few conversion proceedings under section 212(c) of the act remained at the end of the year, and the remaining 65 agricultural "grandfather" and "interim" applications, filed under the 1958 amendments to the act, are expected to be disposed of within a short time. There were increases in the number of cases disposed of by hearing officers' recommended orders which became effective, and by division and Commission decisions, and in disposition of petitions, as a result to some extent of newly adopted organizational procedures. As a result, the number of pending formal proceedings concerned with operating authority matters as of June 30, 1961, decreased about 10 percent. The new procedural techniques, inaugurated toward the end of the fiscal year, are expected to aid in making further inroads in the pending case load. Most significant of the new procedural techniques is the use of a decision and order in lieu of a division or Commission report in the disposition of routine cases.

The trend to "piggyback" service continued to increase in both old and new areas, and there were important developments in the Hawaii-Alaska situations, in the transportation of missiles and containers, and in questionable "gray area" operations in the motor carrier, freight forwarder, and other fields. Increased activity in commercial zone matters was noted, and consideration was given to motor operations in foreign commerce involving service at international border points.

## PIGGYBACK

An area of particularly rapid development is the increasing use of trailer-on-flatcar or piggyback service. In *Black Diamond Transport Co. Ext.—Wilkes-Barre, Pa., Area*, 84 M.C.C. 205, we considered the standards of proof needed to justify a grant of authority to a railroad-owned motor carrier which would allow it to provide a so-called plan II piggyback service—that is, trailer-on-flatcar service performed by a railroad using its own trailers and providing a door-to-door service for shippers and consignees located within the terminal areas of points at which it has stations and provides conventional rail service. We found that motor-carrier authority might be granted upon a showing of resulting operating economies and efficiencies alone, provided that the service proposed would substitute for a rail service actually being provided. In No. MC-75872 (Sub-No. 22), *Boston & Maine Transp. Co. Extension—Eight Routes*, 86 M.C.C. 127, decided May 9, 1961, these standards of proof were applied and a grant of authority made to a railroad subsidiary to enable it to provide a more efficient plan II piggyback service.

## ALASKA AND HAWAII

In Ex Parte No. MC-59, *Motor Carrier Operation in the State of Hawaii*, 84 M.C.C. 5, the general problem of regulating motor transportation in Hawaii was considered. Following hearings, we found that motor transportation in interstate or foreign commerce by carriers operating solely within the boundaries of Hawaii and conforming with applicable State laws is in fact of such nature, character, and quantity as not substantially to affect or impair uniform regulation by us of transportation by motor carriers engaged in interstate or foreign commerce in effectuating the national transportation policy. We concluded that Federal regulation is unwarranted at this time.

A certificate of exemption excusing all Hawaiian motor carriers falling within this class from compliance with the provisions of part II of the act was issued pursuant to the provisions of section 204 (a)(4a) of the act. As these provisions are not applicable to carriers operating in States other than Hawaii or to those which are affiliated with carriers conducting operations in other States, such carriers are required to obtain authority for interstate operations between points in Hawaii. Should it eventually appear that the transportation in interstate or foreign commerce by these carriers results in or seems likely to result in an impairment of uniform regulation, we may revoke the certificate of exemption in whole or in part.

On July 12, 1960, the Interstate Commerce Act was amended to provide for “grandfather” rights for motor carriers, water carriers, and freight forwarders operating within Alaska and between points in

Alaska and points in the other States, and for "grandfather" rights for freight forwarders conducting operations between points in Hawaii or between Hawaii and points in other States. Pursuant to such legislation, 187 "grandfather" applications were filed, and special rules of practice were adopted to govern their handling and disposition. Their processing created some administrative problems, and informal conferences and other procedures to facilitate their disposition will be utilized to the fullest extent possible.

### MISSILES

Motor carriers now transport many of the rockets, missiles, and related paraphernalia employed in furtherance of our national defense and advancement of the Nation's space program. Several carriers have been granted authority to serve missile sites in connection with the construction, maintenance, and servicing of these locations. In considering the need for service to transport missiles, interpretative problems have arisen concerning the rights of existing carriers to transport items related to these programs, including the missiles themselves, specially constructed and equipped trailers, and related equipment, all of which are comparatively new commodities to the transportation scene.

In No. MC-4405 (Sub-No. 343), *Dealers Transit, Inc., Extension—Cheektowaga*, 84 M.C.C. 446, we held that heavy haulers, which hold authority to transport commodities, the transportation of which because of size or weight requires the use of special equipment, do not have appropriate authority to transport trailers designed for the movement and launching of missiles. We reached the same conclusion in No. MC-113558 (Sub-No. 10), *Belyea Truck Co. Extension—Litchfield Park, Ariz.*, 86 M.C.C. 101, decided May 10, 1961, and found also that the general commodity carrier, whose authority excepts the transportation of commodities requiring the use of special equipment, could not transport the involved missile trailers inasmuch as the general freight carrier offers and provides a different class of service than that with which the movement of trailers in an over-the-road service from the manufacturer to the purchaser of the trailer is concerned. Instead we held that the over-the-highway movement of these missile trailers peculiarly came within the province and authority of the automobile carriers. We also concluded, in No. MC-4405 (Sub-No. 333), *Dealers Transit, Inc., Extension—Missiles*, 86 M.C.C. 327, decided June 23, 1961, that a motor carrier's authority to transport aircraft and airplanes does not cover the movement of missiles.

### CONTAINERS

In our last annual report we noted that the development of new types of containers, generally referred to as "seald-tanks" and "tote-

bins", raised complex legal issues related to the rights of motor carriers under existing operating authorities to transport commodities in these new types of containers. Seald-tanks are flexible rubber bags of varying capacities which can be collapsed when their contents are discharged, while tote-bins are of a fixed shape which can be nested when emptied. In No. MC-8902 (Sub-No. 12), *Western Exp. Co. Extension—Seal tanks*, 84 M.C.C. 585, we resolved these issues as they affect the operating authorities of the general commodity carriers and the bulk hauler. We concluded therein (1) that general commodity carriers, with restrictions in their operating authorities against the transportation of commodities in bulk or those requiring special equipment, are authorized to transport loose, flowable, and fungible commodities when tendered to the carrier in these containers if the container device, whether supplied by the carrier or shipper, is not premounted on a vehicle, (2) that these same general commodity carriers are not authorized to transport such commodities when tendered into a container device of the type described premounted on the carriers' vehicles, and (3) that tank truck carriers, whose operating authorities embrace the transportation of bulk commodities, are authorized to transport such commodities when tendered into premounted containers of the type considered in the report, whether supplied by the carrier or shipper. This decision enabled us to dispose of a considerable number of cases in which these issues were controlling.

In No. MC-C-2474, *O'Neill Transfer Co., Inc., Investigation of Operations*, 83 M.C.C. 753, we explored the problem of carriers which hold authority to transport uncrated new furniture. As in the "Seald-tank" situation, changes in the method of packaging, furniture in this instance, had created new regulatory problems. We found that the term "uncrated" as applied to new furniture is synonymous with "unpacked," and contemplates the transportation of shipments of new furniture without a container of any description, except in some instances with loose package wrapping of the extremities of the articles such as the arms and legs. We found further that the term "uncrated furniture" does not exclude these articles shipped with dust wrappings or plastic covers inasmuch as furniture prepared for transportation with such covers must move with the same care and protection as uncrated shipments.

#### GRAY AREA ACTIVITIES

Complaints of unauthorized operations in the so-called "gray area" of transportation increased. Twenty-six complaints were filed by three carrier organizations alleging that various shipper cooperative associations and named defendants were operating as common or

contract carriers by motor vehicle, as brokers of motor transportation, or as freight forwarders, without proper operating authority from us. Aside from these particular proceedings, the investigation and processing of cases involving the gray area transportation problem results in an ever increasing workload for our limited staff, but every effort is being expended to handle cases involving the issue of unauthorized operations as expeditiously as possible.

Efforts to eliminate such activities were increased, particularly in those instances where there was either "leasing" of equipment with drivers or "buy-and-sell" type operations. These activities, which are usually conducted under complicated and changing arrangements, often were developed in proceedings in which the facts were disputed and contradictory, and findings of for-hire carriage were strongly resisted. Four cases involving so-called buy-and-sell operations were pending in the courts on complaints of respondents which were found by this Commission to be conducting unlawful for-hire carriage under buy-and-sell or brokerage arrangements. These cases were *Fraering Brokerage Co., Inc., Investigation of Operations* and *Emma Shannon et al., Investigation of Operations*, both reported at 81 M.C.C. 337, *Church Point Wholesale Beverage Co.—Investigation*, 82 M.C.C. 457, and *Shelby Biscuit Co. Investigation of Operations*, 84 M.C.C. 131. The only decision pending in court on appeal which involved equipment leasing was *Oklahoma Furniture Mfg. Co.—Investigation, Operations*, 79 M.C.C. 403. In that case we were reversed in the district court, 193 F. Supp. 275, but, on appeal, the Supreme Court took jurisdiction of the matter, 365 U.S. 839. *Allen—Investigation of Operations and Practices*, 79 M.C.C. 727, which involved unlawful operations conducted through equipment leasing arrangements, was upheld by the district court, 187 F. Supp. 625, and no further appeal had been taken.

*Leasing.*—The principal investigation proceeding involving a "leasing" operation was No. MC-C-2444, *Drivers and Personnel, Inc.—Investigation of Operations*, 86 M.C.C. 157, decided May 15, 1961. In this proceeding two corporations, one of which purportedly leased vehicles to shippers while the other provided drivers, and individuals controlling the corporations were found to be engaged jointly in transportation of property for compensation without appropriate authority and were ordered to cease and desist from such operations.

The furnishing of for-hire carriage through objectionable leasing arrangements was presented in a number of proceedings in which motor carrier operating rights were sought. Most important of these were *Alterman Transport Lines, Inc., Extension—Aluminum*, 83 M.C.C. 305, where it appeared that more traffic was being tendered to regulated carriers rather than to trip-leasing operators as a result

of the scrutiny which regulatory agencies had begun to accord the latter type operations; No. MC-118996 (Sub-No. 1), *E. D. Pearse Bus Corp. Contract Carrier Application*, 84 M.C.C. 743, decided April 24, 1961; and No. MC-119201, *Friocal Transport & Leasing Corp. Contr. Car. Applic.*, 86 M.C.C. 369, decided June 30, 1961. In the *Pearse* case, applicant's past unlawful operations through "leasing" resulted in a denial of the rights sought, and the applicant and its president were admonished to refrain from such operations. In the *Friocal* case, we found that applicant-respondent's past continuous practice of engaging in unauthorized operations and its failure to abide by the provisions of the act or our regulations thereunder required a conclusion that it was not fit properly to conduct the operations proposed. Some other typical cases before us in which unlawful or questionable "leasing" arrangements were disclosed were *Garrett Common Carrier Application*, 83 M.C.C. 795; No. MC-118695, *Joseph F. Barbano and Joseph Bean Contract Carrier Application*, decided February 14, 1961; No. MC-118601, *Eastern Transportation Co., Inc., Contract Carrier Application*, decided April 11, 1961; and No. MC-123258, *Ruth H. Dewald Common Carrier Application*, decided June 12, 1961. In some of these proceedings, the records were not developed sufficiently to establish whether certain challenged operations actually constituted private or for-hire carriage.

*Buy-and-Sell.*—We disposed of a number of proceedings involving buy-and-sell operations. Orders enjoining further unlawful for-hire operations were entered in *Shelby Biscuit Co. Investigation of Operations*, 84 M.C.C. 131, *Martin—Investigation of Operations*, 84 M.C.C. 301, *Hofer—Investigation of Operations*, 84 M.C.C. 527, and *Pacific Intermountain Exp. Co. v. M. & M. Oil & Transp., Inc.*, 84 M.C.C. 513. In the *Hofer* case, the cease and desist order was also directed to the activities of a sugar broker and a sugar producer pursuant to the provisions of section 2 of the Elkins Act. In each of these proceedings, the commodities involved had a ready market and the interstate transportation was found to be performed for the purpose of profiting from the transportation as such. In No. MC-C-2745, *Wallace—Investigation of Operations*, 86 M.C.C. 343, decided June 30, 1961, the investigation was discontinued when it was found that respondent's challenged operations did not constitute for-hire carriage but were an integral part of his noncarrier commercial dealings and undertaken for reasons of efficiency.

Similar "primary business" or "buy-and-sell" problems arose in numerous application proceedings including *Elliot Common Carrier Application*, 83 M.C.C. 467, *Poole Extension—Calcium Chloride*, 83 M.C.C. 522, *Marinari Common Carrier Application*, 83 M.C.C. 619, *Northeastern-Malden Barrel Co., Inc., Contr. Car. Applic.*, 83 M.C.C.

705, *Everett Extension—Pallets*, 84 M.C.C. 91, No. MC-9895 (Sub-No. 103), *Denver-Chicago Transport Company, Inc., Extension—Idaho*, decided August 2, 1960, and No. MC-117355 (Sub-No. 3), *Jesse A. Kroninger, Inc., Extension—Sand*, decided June 7, 1961. The frequency with which these problems continued to arise indicated a need for continued strong efforts to stop violations of the act committed in the guise of private carriage.

*Agricultural cooperative exemption.*—From the beginning of our regulation of motor carriage, it has seemed that as soon as one scheme for the provision of disguised for-hire carriage has fallen into ill repute, a new and more complicated one has risen to take its place. One of the most sophisticated of such schemes was revealed in No. MC-C-2488, *Machinery Haulers Assn. v. Agricultural Commodity Serv.*, decided May 3, 1961. This proceeding was the first in which we have been concerned with the so-called agricultural cooperative exemption of section 203(b)(5) of the act in its fullest perspective. It embraced No. MC-C-2488 (Sub-No. 1), *Midwest Coast Transport, Inc., et al. v. Agricultural Commodity Service*, and No. MC-C-2576, *Agricultural Commodity Service et al.—Investigation of Operations*. It was found that the principal defendant-respondent was not a cooperative association as defined in the Agricultural Marketing Act and that this defendant-respondent and certain of its so-called agents, acting in concert, were engaged in the transportation of property for compensation in violation of the licensing requirements of the act. All of the active, participating respondents and defendants were ordered to cease and desist from such operations. Certain other shipper-respondents participating in the operations were made subject to the cease and desist order pursuant to section 2 of the Elkins Act. The comprehensive treatment of the purposes and application of the "exemption" afforded by section 203(b)(5) in this decision should serve as a guide by which similarly situated organizations and shippers may measure the lawfulness of their transportation activities and should reduce the possible use of this section as a device to provide disguised for-hire carriage in evasion of the licensing provisions of the act.

Illustrative of another type of gray area operation is that disclosed in No. MC-C-2671, *Pennsylvania Public Utility Comm. v. Hudson Transp. Co.*, 83 M.C.C. 729, in which we found that the defendant, holding appropriate interstate authority, was operating between two points in Pennsylvania via a point in New Jersey to avoid State regulation. Except for the routing, we found the operation to be one in intrastate commerce, and that the circuitous method of operation was employed for the mere purpose of avoiding State regulation.

## COMMERCIAL ZONES AND BORDER OPERATIONS

The prescription of individual municipal commercial zones contemplated by section 203(b)(8) was the subject of a number of reports. This section provides that transportation in interstate or foreign commerce within such zone, which is recognized as essentially local, shall be partially exempt from regulation, particularly from the need to obtain operating authority. Closely related is the exemption provided by section 202(c) of the act relating to the transfer, collection, or delivery service of carriers within their terminal areas. In an earlier report in Ex Parte No. MC-37, *Commercial Zones and Terminal Areas*, 54 M.C.C. 21, we found that a certificate authorizing service by a motor carrier or freight forwarder to serve a particular municipality generally should be construed as authorizing service within the commercial zone of that municipality.

In most instances the commercial zone about a municipality is fixed by a population-mileage formula prescribed in the initial *Commercial Zones* case, 46 M.C.C. 665, but in a number of instances, zone boundaries have been fixed specially in order to adjust the limits to particular geographic, economic, and political situations. Among those defined specifically during the year were the Lake Charles, La., commercial zone, 83 M.C.C. 668, and the Syracuse, N.Y., commercial zone, in Ex Parte No. MC-37 (Sub-No. 1), June 30, 1961. Also, the single zone adjacent to and commercially a part of Davenport, Iowa, and Rock Island and Moline, Ill., was modified in No. MC-C-329, *Davenport-Rock Island and Moline Commercial Zone*, 83 M.C.C. 441. Petitions to enlarge the Baltimore, Md., and Washington, D.C., commercial zones were denied, 83 M.C.C. 492, and 83 M.C.C. 471. In the twenty-second supplemental report in Ex Parte No. MC-37, decided April 28, 1961, a request to enlarge the present exemption applicable to the Port Newark port area to include the Elizabeth, N.J., Port Authority piers was granted. At the same time a request to remove the present requirement applicable to this port area that shipments moving between points in the presently exempt commercial zone of New York City and the port must have a prior or subsequent movement by water carrier, was denied.

We had occasion to consider the application of the commercial zone and terminal area exemptions to collection and delivery of express shipments on behalf of a passenger carrier holding authority to transport express in the same vehicle as passengers in No. MC-C-2513, *Greyhound Corp.—Investigation of Certificates*, 84 M.C.C. 169. We concluded that express shipments could be transported in other than passenger carrying equipment, but that the challenged operation did not come within the purview of the partial exemption provided by section 202(c) or 203(b)(8) of the act. In No. MC-C-2617,

*A.B. & W. Transit Co. v. D.C. Transit System, Inc.*, 83 M.C.C. 547, the applicability of the commercial zone exemption to the operations of a passenger carrier was considered. We held there that in order for a passenger carrier to qualify under the exemption, it must hold from each State having jurisdiction intrastate authority exactly corresponding to the interstate operations it wishes to conduct, and that a carrier authorized by the State of Virginia to perform "charter" operations could not, under the exemption, provide an interstate "special" sightseeing operation.

Problems related to the commercial zone and terminal area exemption provisions arose in connection with the movement of traffic from and to points outside of the United States. In No. MC-C-2450, *Consolidated T. Lines v. Fess and Wittmeyer Trucking Co.*, 83 M.C.C. 673, we considered a complaint involving the movement of property between points in the Buffalo, N.Y., commercial zone and international boundary points at Buffalo and Niagara Falls, N.Y. The transportation subject to our jurisdiction, though limited in scope, was part of a through service from points in Canada beyond the Buffalo commercial zone to an area adjacent to the customs area adjoining the Peace Bridge Plaza near the international boundary, at which point the traffic was interchanged. The operation was found to be a line-haul movement not exempt under either section 202(c) or 203(b)(8), and requiring authority for the portion of the movement occurring in the United States. The doctrine of the *Fess* case was applied in a similar situation involving a line haul between points in Canada and the United States in No. MC-110948 (Sub-No. 1), *Soo-Security Motorways Extension—Pembina, N. Dak.*, 84 M.C.C. 661. In a case involving a different factual situation at the United States-Mexico border, No. MC-112934 (Sub-No. 1), *Autobuses Internacionales Extension—Tornillo, Tex.*, 84 M.C.C. 216, we found that the partial exemption of section 203(b)(8) applied to the transportation of local passengers between the contiguous municipalities of El Paso and Juarez, and that authority for this movement was not necessary.

In three separate cases, we considered whether alternate route authority should be granted where a portion of the applicant's service route was in Canada. In No. MC-1096 (Sub-No. 2), *Canada Coach Lines, Extension—Alternate Routes*, 86 M.C.C. 279, decided June 15, 1961, applicant was granted an alternate route between Buffalo and the international boundary at Niagara Falls, N.Y., appurtenant to a service route located, for the most part, in the Province of Ontario. In *Frank Cosgrove Transp. Co., Inc., Ext.—Liquid Commodities*, 83 M.C.C. 691, and in *Kingsway Transports Extension—Niagara Falls, N.Y.*, 84 M.C.C. 45, applicants authorized to operate between New York City and certain ports of entry on the Canadian border sought

authority which would have had the effect of allowing them to enter Canada through other ports of entry. Although these applications were ultimately denied, it was recognized that authority to use an alternate port of entry might, in proper circumstances, be granted on a "quasi-alternate route" theory through a showing of resulting operating economies and efficiencies.

The problems involved in the handling of motor freight between United States and Mexican points were considered at some length in No. MC-112713 (Sub-No. 81), *Yellow Transit Freight Lines, Inc., Extension—Laredo, Tex.*, decided September 8, 1960. Applicant's proposal was to provide through service between points in the interior of the United States and those in the interior of Mexico. Its application to serve the Laredo port of entry was denied in the face of existing joint-line service of United States and Mexican motor carriers which interchanged freight at the border point.

#### OTHER IMPORTANT QUESTIONS

In Ex Parte No. MC-19, *Practices of Motor Common Carriers of Household Goods*, 86 M.C.C. 293, decided June 19, 1961, rules clarifying the definition of household goods were issued. The definition of household goods, which has been one of long standing and application, was not changed, but interpretative language, based on prior decisions of this Commission, was incorporated into the definition and made a part of the rule. We also instituted a proceeding looking toward the prescription of rules to safeguard shippers of household goods against unduly low or misleading estimates of charges, delays in delivery and handling claims, sale of insurance by the carriers, and other practices.

On June 19, 1961, we instituted a proceeding in No. MC-C-3358, *Discrimination in Operations of Interstate Motor Carriers of Passengers*, to consider whether we should prescribe rules proposed in a petition filed by the Attorney General of the United States, or similar rules, concerning the right of interstate motor passengers to obtain and the duty of interstate motor carriers to provide transportation service and facilities without regard to race, color, creed, or national origin. We provided for prompt submission of statements in support of or in opposition to the proposed rules, and for replies thereto. Oral argument in the matter was set early in August 1961.

In No. MC-C-1919, *United Transports, Inc., v. Gulf Southwestern Transp. Co.*, 84 M.C.C. 565, we had occasion to apply the 15,000 pound weight test first enunciated in *Dallas & Marvis Forwarding Co., Inc., Ext.—Gallion, Ohio*, 79 M.C.C. 285, and *W. J. Dillner Transfer Co.—Investigation of Operations*, 79 M.C.C. 335, discussed in our 73d Annual Report. In the *Gulf Southwestern* report, we found that military cargo trucks weighing somewhat less than 10 tons each were

within the scope of authority of heavy haulers authorized to transport commodities, the transportation of which because of their size or weight, requires the use of special equipment. Our action in the *Dillner* case was the subject of a court challenge. The court sustained our report and dismissed the complaint.

### INVENTORY OF MOTOR CARRIER OPERATING RIGHTS

Significant progress was made on the project of identifying motor carriers, their routes, commodities they are authorized to transport, and other provisions of their operating authorities by electronic means. The work again was affected by further increases in applications for new authorities or for changes in existing rights, but substantial progress was made toward operation under test conditions. Procedures to make the inventory available for specific needs of various Commission functions were considered in a series of conferences among staff officials who will have use for the information.

### VOLUME AND DISPOSITION OF WORK

The following table indicates the condition of the docket of the Bureau of Operating Rights with respect to applications for, or other actions on, operating rights.

| Motor carrier                                                                                       | July 1, 1959,<br>through<br>June 30, 1960 | July 1, 1960,<br>through<br>June 30, 1961 |
|-----------------------------------------------------------------------------------------------------|-------------------------------------------|-------------------------------------------|
| Applications for permanent common carrier certificates, contract carrier permits, brokers licenses: |                                           |                                           |
| Received.....                                                                                       | 4,084                                     | 3,672                                     |
| Reopened.....                                                                                       | 169                                       | 159                                       |
| Hearings.....                                                                                       | 3,486                                     | 3,537                                     |
| Disposed of, including reopened proceedings:                                                        |                                           |                                           |
| Withdrawn or dismissed without report.....                                                          | 763                                       | 879                                       |
| By effective recommended order.....                                                                 | 1,838                                     | 1,851                                     |
| By report of the Commission or a division of the Commission, or Operating Rights Board No. 1.....   | 942                                       | 1,269                                     |
| Applications granted in whole or in part.....                                                       | 2,080                                     | 2,212                                     |
| Applications denied or dismissed in report.....                                                     | 700                                       | 908                                       |
| Pending at end of year.....                                                                         | 3,097                                     | 2,929                                     |
| Petitions disposed of.....                                                                          | 621                                       | 756                                       |
| Applications for conversion and investigations under section 212(c):                                |                                           |                                           |
| Received.....                                                                                       | 0                                         | 0                                         |
| Reopened.....                                                                                       | 3                                         | 8                                         |
| Hearings.....                                                                                       | 30                                        | 61                                        |
| Disposed of, including reopened proceedings:                                                        |                                           |                                           |
| Withdrawn or dismissed without report.....                                                          | 8                                         | 2                                         |
| By effective recommended order.....                                                                 | 146                                       | 101                                       |
| By report of the Commission or a division of the Commission.....                                    | 147                                       | 34                                        |
| Applications granted in whole or in part.....                                                       | 254                                       | 107                                       |
| Applications denied or dismissed in report.....                                                     | 39                                        | 28                                        |
| Pending at end of year.....                                                                         | 136                                       | 7                                         |
| Petitions disposed of.....                                                                          | 14                                        | 14                                        |
| Applications for "grandfather" and "interim" motor carrier operating rights: 1                      |                                           |                                           |
| Received.....                                                                                       | 4                                         | 0                                         |
| Reopened.....                                                                                       | 5                                         | 32                                        |
| Hearings.....                                                                                       | 425                                       | 175                                       |
| Disposed of, including reopened proceedings:                                                        |                                           |                                           |
| Withdrawn or dismissed without report.....                                                          | 96                                        | 32                                        |
| By effective recommended order.....                                                                 | 286                                       | 153                                       |
| By report of the Commission or a division of the Commission.....                                    | 112                                       | 165                                       |
| Applications granted in whole or in part.....                                                       | 272                                       | 208                                       |
| Applications denied or dismissed in report.....                                                     | 126                                       | 110                                       |
| Pending at end of year.....                                                                         | 383                                       | 65                                        |
| Petitions disposed of.....                                                                          | 19                                        | 94                                        |

<sup>1</sup> Filed under section 7(c) of the Transportation Act of 1958.

| Alaska-Hawaii "grandfather" applications | July 1, 1960,<br>through<br>June 30, 1961 |
|------------------------------------------|-------------------------------------------|
| Received.....                            | 187                                       |
| Disposed of.....                         |                                           |
| Dismissed, without report.....           | 1                                         |
| Pending at end of year.....              | 186                                       |

| Water carrier                                                    | July 1, 1959,<br>through<br>June 30, 1960 | July 1, 1960,<br>through<br>June 30, 1961 |
|------------------------------------------------------------------|-------------------------------------------|-------------------------------------------|
| Applications for permanent water carrier operating rights:       |                                           |                                           |
| Received.....                                                    | 29                                        | 17                                        |
| Reopened.....                                                    | 1                                         | 0                                         |
| Hearings.....                                                    | 31                                        | 6                                         |
| Disposed of, including reopened proceedings:                     |                                           |                                           |
| Withdrawn or dismissed without report.....                       | 6                                         | 7                                         |
| By effective recommended order.....                              | 11                                        | 4                                         |
| By report of the Commission or a division of the Commission..... | 7                                         | 10                                        |
| Applications granted in whole or in part.....                    | 14                                        | 6                                         |
| Applications denied or dismissed in report.....                  | 4                                         | 8                                         |
| Pending at end of period.....                                    | 33                                        | 29                                        |
| Petitions disposed of.....                                       | 4                                         | 5                                         |

| Freight forwarder                                                | July 1, 1959,<br>through<br>June 30, 1960 | July 1, 1960,<br>through<br>June 30, 1961 |
|------------------------------------------------------------------|-------------------------------------------|-------------------------------------------|
| Applications for freight forwarder operating rights:             |                                           |                                           |
| Received.....                                                    | 31                                        | 14                                        |
| Reopened.....                                                    | 0                                         | 1                                         |
| Hearings.....                                                    | 29                                        | 13                                        |
| Disposed of, including reopened proceedings:                     |                                           |                                           |
| Withdrawn or dismissed without report.....                       | 32                                        | 11                                        |
| By effective recommended order.....                              | 3                                         | 0                                         |
| By report of the Commission or a division of the Commission..... | 4                                         | 4                                         |
| Applications granted in whole or in part.....                    | 5                                         | 3                                         |
| Applications denied or dismissed in report.....                  | 2                                         | 1                                         |
| Pending at end of period.....                                    | 25                                        | 25                                        |
| Petitions disposed of.....                                       | 0                                         | 3                                         |

| Complaints, etc.                                                 | July 1, 1959,<br>through<br>June 30, 1960 | July 1, 1960,<br>through<br>June 30, 1961 |
|------------------------------------------------------------------|-------------------------------------------|-------------------------------------------|
| Complaints, rulemaking, and revocation proceedings:              |                                           |                                           |
| Formal complaints filed, including subnumbers.....               | 36                                        | 53                                        |
| Investigations instituted.....                                   | 57                                        | 67                                        |
| Reopened.....                                                    | 19                                        | 17                                        |
| Hearings.....                                                    | 59                                        | 79                                        |
| Disposed of, including subnumbers and reopened proceedings:      |                                           |                                           |
| Dismissed or discontinued.....                                   | 23                                        | 36                                        |
| By effective recommended order.....                              | 13                                        | 19                                        |
| By report of the Commission or a division of the Commission..... | 41                                        | 46                                        |
| Pending at end of year.....                                      | 144                                       | 180                                       |
| Petitions disposed of.....                                       | 47                                        | 34                                        |

| Temporary authority, etc.                                   | July 1, 1959,<br>through<br>June 30, 1960 | July 1, 1960,<br>through<br>June 30, 1961 |
|-------------------------------------------------------------|-------------------------------------------|-------------------------------------------|
| Applications for temporary authority under section 210a(a): |                                           |                                           |
| Received.....                                               | 3,488                                     | 3,596                                     |
| Disposed of.....                                            | 3,429                                     | 3,649                                     |
| Granted in whole or in part.....                            | 2,788                                     | 2,661                                     |
| Denied.....                                                 | 641                                       | 988                                       |
| Pending at end of year.....                                 | 80                                        | 27                                        |
| Petitions disposed of.....                                  | 379                                       | 522                                       |
| Applications to file State certificates:                    |                                           |                                           |
| Filed.....                                                  | 676                                       | 803                                       |
| Disposed of.....                                            | 648                                       | 808                                       |
| Pending at end of year.....                                 | 93                                        | 88                                        |
| Applications to deviate from regular routes:                |                                           |                                           |
| Filed.....                                                  | 259                                       | 339                                       |
| Disposed of.....                                            | 239                                       | 329                                       |
| Pending at end of year.....                                 | 43                                        | 53                                        |
| Proceedings to revoke operating rights without hearing:     |                                           |                                           |
| Instituted.....                                             | 871                                       | 1,114                                     |
| Disposed of.....                                            | 733                                       | 1,196                                     |
| Pending at end of year.....                                 | 229                                       | 147                                       |

### NUMBER OF MOTOR CARRIERS AND BROKERS

The following statement shows the number of motor carriers and brokers whose operations are subject to regulation under part II of the act. The statement does not include motor carriers operating exclusively under temporary authority under section 210a(a).

| Motor carriers                                                                  | As of June<br>30, 1960 | As of June<br>30, 1961 |
|---------------------------------------------------------------------------------|------------------------|------------------------|
| <i>Property carriers</i>                                                        |                        |                        |
| Common, issued certificates under section 206 or 207.....                       | 11,979                 | 11,789                 |
| Common, issued certificates under section 212(c).....                           | 98                     | 286                    |
| Common, issued certificates under sections 7(c) Transportation Act of 1958..... | 93                     | 326                    |
| Common, under second proviso sec. 206a.....                                     | 2,814                  | 2,882                  |
| Contract, issued permits under section 209.....                                 | 2,555                  | 2,373                  |
| Contract, issued permits under section 7(c) Transportation Act of 1958.....     | 7                      | 26                     |
| Total property carriers.....                                                    | 17,546                 | 17,682                 |
| <i>Passenger carriers</i>                                                       |                        |                        |
| Common, issued certificates under section 206 or 207.....                       | 1,188                  | 1,150                  |
| Common, issued certificates under section 212(c).....                           | 0                      | 1                      |
| Common, under second proviso sec. 206a.....                                     | 110                    | 104                    |
| Contract, issued permits under section 209.....                                 | 16                     | 16                     |
| Total passenger carriers.....                                                   | 1,314                  | 1,271                  |
| Total motor carriers.....                                                       | 18,860                 | 18,953                 |
| Brokers issued licenses under section 211:                                      |                        |                        |
| Property.....                                                                   | 77                     | 77                     |
| Passenger.....                                                                  | 142                    | 152                    |
| Total brokers.....                                                              | 219                    | 229                    |

## WATER CARRIER TEMPORARY AUTHORITIES

Actions taken in connection with applications for temporary operating authorities by water carriers under section 311(a) of the act are shown in the table below. Three of the six requests for extension of expiration dates involved section 9(b) of the Administrative Procedure Act under which temporary authority may be continued beyond the 180-day period provided in section 311(a) until pending applications for corresponding permanent operating rights are decided. The other three simply involved extensions within the statutory 180-day period.

| Water carrier temporary authority actions  | July 1, 1959,<br>through<br>June 30, 1960 | July 1, 1960,<br>through<br>June 30, 1961 |
|--------------------------------------------|-------------------------------------------|-------------------------------------------|
| Applications for temporary authority:      |                                           |                                           |
| Pending at beginning of period.....        | 2                                         | 0                                         |
| Received.....                              | 30                                        | 22                                        |
| Granted in whole or in part.....           | 24                                        | 18                                        |
| Dismissed or denied.....                   | 8                                         | 4                                         |
| Requests for extension of expiration date: |                                           |                                           |
| Received.....                              | 5                                         | 6                                         |
| Granted.....                               | 5                                         | 6                                         |
| Petitions for reconsideration:             |                                           |                                           |
| Pending at beginning of period.....        | 1                                         | 1                                         |
| Received.....                              | 3                                         | 2                                         |
| Denied.....                                | 3                                         | 3                                         |
| Pending at end of period.....              | 1                                         | 0                                         |

## FINANCE PROCEEDINGS

Applications involving the merger or common control of some of the Nation's largest railroads were filed during the year and the number and importance of such cases were greater than in any prior year. The number of motor carrier unification applications filed and the size of the carriers involved showed no significant change.

### RAILROAD UNIFICATIONS

During the year we authorized the Delaware, Lackawanna and Western Railroad Company to be merged into the Erie Railroad Company. A suit was filed against our order by the Brotherhood of Maintenance of Way Employees, but the order was sustained by the United States Supreme Court. The merger was consummated in October 1960, and the surviving carrier is now known as the Erie-Lackawanna Railroad Company. We also authorized the merger of the properties and franchises of the Minneapolis, St. Paul and Sault Ste. Marie Railroad Company and the Wisconsin Central Railroad Company into the Duluth, South Shore and Atlantic Railroad Company. That transaction also was consummated, and the surviving company is known as the Soo Line Railroad Company. A new company known as the New York Central Railroad Company, a Delaware corporation, was granted authority to acquire the properties of the New York Central Railroad Company, a corporation of the States of New York, Pennsylvania, Ohio, Indiana, Illinois, and Michigan. Authority also was granted for the merger into the new Delaware corporation of 4 subsidiary railroads: the Boston and Albany Railroad Company, the Ware River Railroad Company, the Pittsfield and North Adams Railroad Corporation, and Beech Creek Extension Railroad Company.

Prior reports referred to denial of the application of the St. Louis-San Francisco Railway Company for authority to acquire control of the Central of Georgia Railway Company through ownership of a majority of the latter's capital stock. In a supplemental report in that proceeding we found that a voting trust agreement, which we were asked to approve as an alternative to complete divestiture by the St. Louis-San Francisco Railway Company of its stock in the Central of Georgia, should not be approved unless modified in certain respects. The voting trust was modified and an order of approval was entered. Subsequently the Southern Railway Company filed an

application, for authority to purchase the stock held in the voting trust, and thereby to acquire control of the Central of Georgia and subsidiaries. In another case, we authorized the Southern Railway Company to acquire control of the Interstate Railroad Company.

Other applications involving major railroads are pending. The Chesapeake and Ohio Railway Company and the New York Central Railroad Company each has filed an application for authority to acquire control of the Baltimore and Ohio Railroad Company, and the applications have been consolidated for hearing. Separate applications also have been filed by the Southern Pacific Company and the Atchison, Topeka and Santa Fe Railway Company to acquire control of the Western Pacific Railroad Company, and those applications also will be heard on a consolidated record. Also pending are applications of the Southern Pacific Company to acquire by merger the properties of its wholly owned subsidiaries, the Texas and New Orleans Railroad Company, the El Paso and Southwestern Railroad Company of Texas, and the El Paso and Southern Railway Company. The Illinois Central Railroad Company filed an application to acquire control of the Louisville and Nashville Railroad Company, but action was deferred pending determination of the merger application of the Seaboard Air Line and the Atlantic Coast Line Railroad companies. Hearings have commenced in that proceeding.

Hearings on the application of the Pennsylvania Railroad Company to acquire control of the Lehigh Valley Railroad Company were concluded, and hearings were to begin in September or October on the merger application of the Great Northern Railway Company, The Chicago, Burlington and Quincy Railroad Company, the Northern Pacific Railway Company, and the Spokane, Portland and Seattle Railway Company.

The last annual report referred to approval of the merger of the Virginian Railway Company into the Norfolk and Western Railway Company. The latter filed an application also to acquire by merger the properties of the New York, Chicago and St. Louis Railway Company, to control and lease the properties of the Wabash Railroad Company, and to purchase the properties of the Connecting Railway Company.

Appendix C shows that 49 applications under section 5(2) involving mergers, purchases, joint use of facilities, acquisitions of control, and acquisitions of trackage rights were granted.

Five applications to hold the position of officer or director of two or more railroads were pending at the beginning of the year, and 243 such applications were received. Of these, one was dismissed, 4 denied, and 231 granted, while 12 were pending.

**RAILROAD ABANDONMENTS AND CONSTRUCTION**

Applications for authority to abandon lines of railroad totaled 98 and involved approximately 1,140 miles, compared with 100 applications and 1,678 miles during the prior year. Twenty-two applications sought authority to construct about 99 miles of railroad as compared to 14 applications for authority to construct about 44 miles in the prior year. There was a growing tendency during the year for railroads to file combination applications for permission to abandon certain trackage of one railroad and to construct a connection or acquire trackage rights over an adjacent line of railroad, indicating some effort on the part of the railroads to reduce expenses by eliminating duplicate tracks between common points. In most cases of this kind, few railway employees are affected and many economies are realized.

The number of certificates issued and other pertinent information concerning applications for abandonment, construction, and operation of lines of railroad are listed in appendix C.

**TRAIN DISCONTINUANCES**

Under section 13a(1), enacted in 1958, railroads desiring to discontinue or change the operation or service of any train operating between points in two or more States, but whose right to do so is governed by State laws, may elect to file a notice with the Commission of their intent to make the discontinuance or change, and 30 days thereafter, put it into effect regardless of State laws or decisions to the contrary, unless, within that time, the Commission enters upon an investigation of the proposal. If it does so, it may order the operation or service continued for not exceeding 4 months pending a decision in the investigation, at which time, provided it makes the required statutory findings, the Commission may require continuance (or restoration) of the service for not more than 1 year thereafter. If it decides not to enter upon an investigation, or if the Commission fails to decide the case within the 4-month period, the carrier may discontinue or change the service as proposed. Under section 13a(2), where the proposed discontinuance or change in service of a train operated wholly within a single State is prohibited by the constitution or statutes of that State, or where the State authority having jurisdiction has denied an application or petition or has not acted finally on such application or petition within 120 days from their presentation, the carrier may file an application with the Commission for authority to effect the discontinuance or change. The Commission may authorize it only after notice and hearing and upon prescribed findings.

The following table shows the number of proposals pending at the beginning of the reporting year and filed during the year:

*Notices filed under section 13a(1)*

| Carrier                                           | Trains involved | Investigation | Final action |
|---------------------------------------------------|-----------------|---------------|--------------|
| Southern Pacific Co.....                          | 2               | Yes.....      | C            |
| Lehigh Valley R. Co.....                          | 4               | Yes.....      | A            |
| New Jersey & New York R. Co.....                  | 4               | No.....       | A            |
| Chicago & Eastern Illinois R.....                 | 2               | Yes.....      | W            |
| Chicago & North Western Ry. Co.....               | 4               | Yes.....      | A            |
| Chicago, Milwaukee, St. Paul & Pacific R. Co..... | 2               | Yes.....      | C            |
| Chicago & North Western Ry. Co.....               | 2               | Yes.....      | A            |
| Soo Line R.....                                   | 2               | Yes.....      | A            |
| New York, Susquehanna & Western R.....            | 6               | No.....       | D            |
| Missouri Pacific R. Co.....                       | 2               | Yes.....      | P            |
| Pennsylvania-Reading Seashore Lines.....          | 18              | Yes.....      | P            |
| Chicago & North Western Ry. Co.....               | 2               | No.....       | A            |
| Chicago South Shore & South Bend R.....           | 9               | Yes.....      | P            |
| Soo Line R.....                                   | 2               | Yes.....      | P            |
| St. Louis-San Francisco Ry. Co <sup>1</sup> ..... | 2               | Yes.....      | C            |
| Western Pacific R. Co <sup>1</sup> .....          | 2               | Yes.....      | A            |
| Chicago & North Western Ry. Co <sup>1</sup> ..... | 2               | Yes.....      | A            |

See notes following next table.

*Applications under section 13a(2)*

| Carrier                                                | Trains involved | Final action |
|--------------------------------------------------------|-----------------|--------------|
| Reading Co.....                                        | 3               | A            |
| Southern Ry. Co.....                                   | 2               | P            |
| Pennsylvania R.....                                    | 30              | P            |
| Pennsylvania-Reading Seashore Lines.....               | 30              | P            |
| Northern Pacific Co <sup>1</sup> .....                 | 2               | D            |
| Northern Pacific Co <sup>1</sup> .....                 | 2               | D            |
| Northern Pacific Co <sup>1</sup> .....                 | 2               | A            |
| Northern Pacific Co <sup>1</sup> .....                 | 2               | A            |
| Northern Pacific <sup>1</sup> .....                    | 8               | D            |
| Northern Pacific <sup>1</sup> .....                    | 2               | D            |
| Southern Pacific <sup>1</sup> .....                    | 6               | A            |
| Pennsylvania R. Co <sup>1</sup> .....                  | 2               | A            |
| Pennsylvania R. Co <sup>1</sup> .....                  | 2               | A            |
| Lehigh Valley R. Co <sup>1</sup> .....                 | 2               | A            |
| Pennsylvania R. Co <sup>1</sup> .....                  | 2               | A            |
| Southern Pacific Co <sup>1</sup> .....                 | 6               | W            |
| Pennsylvania-Reading Seashore Lines <sup>1</sup> ..... | 4               | A            |
| Great Northern Ry. Co <sup>1</sup> .....               | 2               | A            |

<sup>1</sup> Pending as of July 1, 1960.

A—Discontinuance permitted.

C—Continuance required in whole or in part.

D—Dismissed.

W—Notice or application withdrawn.

P—Case pending as of July 1, 1961.

As shown in the table, 3 proceedings were pending at the beginning of the reporting year, and 14 proposals were filed during the year by 12 railroads under section 13a(1) to discontinue 61 trains. This was a further decline both in the number of proposals and the number of railroads proposing discontinuances over previous years. Investigations were instituted with respect to all except 3 proposals involving 12 trains. Of the latter, one proposal involving two trains was withdrawn by the railroad, one proceeding involving six trains was

dismissed by the Commission for lack of jurisdiction, and one notice involving four trains was permitted to become effective without formal investigation. In 7 proceedings 4 railroads were permitted to discontinue 18 trains. In three proceedings continuance or partial continuance was required of three railroads involving six trains, and four proceedings were pending at the end of the reporting year.

In proceedings under section 13a(2), 4 railroads filed 4 petitions to discontinue 65 trains, representing an increase in the number of trains involved, but a decrease in the number of proposals over prior years. We authorized 7 railroads in 10 proceedings to discontinue 27 trains. We dismissed 4 petitions filed by one railroad involving a total of 14 trains. One petition involving six trains was withdrawn by the petitioner. At the close of the reporting year, we had pending 4 proposals of 3 railroads to discontinue a total of 65 trains. A hearing had been held in one of the proceedings and hearings were scheduled in the remaining three.

#### **WATER CARRIERS AND FREIGHT FORWARDERS**

In the 74th Annual Report, reference was made to the application filed by the Illinois Central Railroad Company and the Southern Pacific Company to acquire control of the John I. Hay Company, a water carrier subject to part III of the act. We declared it to be a case of general transportation importance and will hear oral argument. Seven applications sought authority to acquire the operating rights and properties of water carriers subject to part III. In addition, the Norfolk and Western Railway Company and the Chesapeake and Ohio Railway Company, which propose to acquire the properties of Island Creek Fuel and Transportation Company, a water carrier not subject to regulation under part III, have filed an application for determination whether there is competition between the railroads and the water carrier within the meaning of section 5(14) of the act.

Four applications were filed for the transfer of freight forwarder permits during the year.

#### **MOTOR CARRIER UNIFICATIONS**

Applications for motor-carrier unifications received or reopened and investigations instituted under section 5, applications for temporary authority under section 210a(b), and transfers of certificates and permits under section 212(b) totaled 1,498, a decrease of 56 from the previous year, while 529 were pending on July 1, 1960. Of these 2,027 proceedings, 1,239 applications were granted in whole or in part, 159 were denied, and 118 were withdrawn or dismissed, 15 investigations were discontinued, and 496 proceedings are pending.

Applications approved included 265 under section 5, 140 under the 20-vehicle exemption of section 5(10), 717 transfers to new entities, and 117 grants of temporary authority. Petitions disposed of totaled 440.

Of the applications approved under section 5, 46 involved 37 of the 100 largest motor carriers of property (based on 1960 revenues reported to us). Data concerning these authorizations are given in appendix C, pages 214 and 215. Eight of the authorizations merely involved mergers of subsidiaries or other system reorganizations.

Two motor-carrier expansion programs discussed in the last report were virtually completed. One authorization of Consolidated Freightways Corporation of Delaware to acquire control through stock ownership of Knaus Truck Line, Inc., of Kansas City, Mo., operating generally between Chicago and Indianapolis and Denver, is not yet effective. One application of that carrier was denied and seven were dismissed upon applicant's request. Except for proposed intra-system changes, its only pending application is one to acquire stock control of Frozen Food Express, of Irving, Tex.

Ryder System, Inc., which controls three motor carriers, sought authority to acquire control of Southern-Plaza Express, Inc., of Dallas, through purchase of the stock of Columbia Terminals Company, of St. Louis. The application was approved, but the proceeding was reopened for consideration of a proposal to merge Columbia Terminals into System. System also has pending an application to acquire control of Hoover Motor Express Company, Inc., of Nashville, through stock ownership. Its subsidiary, Ryder Tank Lines, Inc., was authorized to purchase the properties of York Interstate Trucking, Inc., of Houston.

Other pending section 5 applications involving major motor carriers include the joint application of Watson Bros. Transportation Co., Inc., of Omaha, and Wilson Truck Company, Inc., of Nashville, to merge the latter into the former, and those of Navajo Freight Lines, Inc., of Denver, to acquire control of General Expressways, Inc., of Chicago, and The Mason & Dixon Lines, Inc., of Kingsport, Tenn., to acquire control of The Silver Fleet Motor Express, Inc., of Louisville, Ky., through stock ownership.

In *Hagerstown Motor Exp. Co., Inc., Transferee*, 87 M.C.C. 473, we found that the "availability" of vehicles in the possession of an affiliate of a carrier is not alone sufficient to warrant their inclusion for purposes of computation under the exemption of section 5(10), if, in fact, they are not, and have not been, "owned, leased, controlled, or operated by the parties, for purposes of transportation subject to part II." In the last four annual reports, we recommended that section 5(10) be

amended because of the difficulty of determining jurisdiction on the basis of the number of vehicles.

The following table indicates the condition of our docket with respect to proceedings involving motor carriers under sections 5, 210a(b), and 212(b):

|                                                                           | July 1, 1959,<br>to<br>June 30, 1960 | July 1, 1960,<br>to<br>June 30, 1961 |
|---------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| Finance applications, complaints, and investigations under sec. 5:        |                                      |                                      |
| Received or instituted.....                                               | 1 347                                | 1 327                                |
| Reopened.....                                                             | 25                                   | 20                                   |
| Hearings.....                                                             | 187                                  | 233                                  |
| Under submission at end of period.....                                    | 96                                   | 77                                   |
| Applications disposed of, including reopened proceedings:                 |                                      |                                      |
| By effective recommended order:                                           |                                      |                                      |
| Granted in whole or in part.....                                          | 65                                   | 62                                   |
| Denied.....                                                               | 6                                    | 13                                   |
| By report of the Commission or a division of the Commission:              |                                      |                                      |
| Granted in whole or in part.....                                          | 170                                  | 140                                  |
| Denied.....                                                               | 29                                   | 43                                   |
| By report of Finance Board No. 1:                                         |                                      |                                      |
| Granted in whole or in part.....                                          |                                      | 63                                   |
| Denied.....                                                               |                                      | 9                                    |
| Dismissed.....                                                            | 38                                   | 45                                   |
| Investigations terminated.....                                            | 10                                   | 15                                   |
| Pending at end of period.....                                             | 378                                  | 335                                  |
| Petitions disposed of.....                                                | 147                                  | 164                                  |
| Rulemaking proceeding under sec. 5(1):                                    |                                      |                                      |
| Instituted.....                                                           | 0                                    | 0                                    |
| Pending at end of period.....                                             | 1                                    | 1                                    |
| Temporary authority applications under sec. 210a(b):                      |                                      |                                      |
| Received.....                                                             | 138                                  | 162                                  |
| Disposed of:                                                              |                                      |                                      |
| Granted in whole or in part.....                                          | 102                                  | 117                                  |
| Denied.....                                                               | 40                                   | 50                                   |
| Pending at end of period.....                                             | 12                                   | 7                                    |
| Petitions disposed of.....                                                | 45                                   | 38                                   |
| Applications for transfer or lease of operating rights under sec. 212(b): |                                      |                                      |
| Received.....                                                             | 1, 044                               | 989                                  |
| Hearings.....                                                             |                                      | 7                                    |
| Disposed of:                                                              |                                      |                                      |
| Granted in whole or in part.....                                          | 927                                  | 857                                  |
| Denied.....                                                               | 51                                   | 45                                   |
| Dismissed.....                                                            | 74                                   | 72                                   |
| Pending at end of period.....                                             | 138                                  | 153                                  |
| Petitions disposed of.....                                                | 121                                  | 238                                  |

<sup>1</sup> These figures include for the respective years 23 and 19 proceedings under section 5(7). They do not include 30 and 31 related applications for certificates under section 207, handled concurrently with the section 5 application.

### ANALYSIS OF APPROVED SECTION 5 TRANSACTIONS

In accordance with recommendations of the Senate Select Committee on Small Business (Report 1441, 85th Cong., 2d sess., page 8), data concerning approved motor-carrier unification proceedings were tabulated. As in the previous 2 years, the data were distributed according to the principal class of commodity transported and the principal geographic area served by each carrier. The information available at the close of fiscal year 1961 with respect to section 5 transactions is summarized below. The revenues used herein of the carriers involved in the approved transactions are for calendar year 1959, the last carrier reporting year preceding the fiscal year.

The tabulation above shows that 265 section 5 transactions were approved in whole or in part during the fiscal year as compared

with 235 transactions in the preceding period. The analysis below covers 226 approved transactions, 40 more than were covered in last year's report. It does not cover 39 transactions for the following reasons: 1 transaction involved water carriers; 18 involved passenger carriers; 8 authorized the continuation of control by persons currently exercising control; 4 were reconsiderations which affirmed or modified previously approved applications; 1 involved an approval order which was subsequently vacated and the application dismissed; 1 involved "pooling" under section 5(1); 3 covered changes in organizational structure, such as the substitution of a corporate form in lieu of individual or partnership ownership, without extension of control to other carriers or the merging of additional carriers into the reorganized unit; 1 involved assumption of control through management; and 2 involved leasing operations.

Motor carrier unifications under the 226 section 5 approved transactions involved 429 motor carriers of property with operating revenues of \$1,544.2 million. The number of carriers increased 35.3 percent over the number involved during the previous period, and their revenues were 60.4 percent greater. These 429 carriers were 2.9 percent of all motor carriers of property who reported revenues for calendar year 1959 and their revenues were 22.1 percent of all revenues, as compared with 2.1 percent and 16.1 percent, respectively, for the previous year.

Of the large carriers involved in the approved transactions, 41 or 9.6 percent of the total had revenues of \$10 million or more in 1959 while 180 (42.0 percent) had revenues of \$1 million or more. The comparable percentages in the previous year for these two categories were 8.2 and 45.1 respectively. There were 122 carriers, or 28.4 percent, in the \$200,000 to \$1,000,000 group, a decrease percentagewise from the 29.7 percent of the total carriers of this size involved in fiscal year 1960. There were 127 carriers in the less than \$200,000 revenue group, or 29.6 percent of the 429 carriers involved in the section 5 approvals. For fiscal 1960, 25.2 percent of the 317 carriers were in the less than \$200,000 revenue group.

The total revenues for the section 5 carriers with revenues of \$10 million or more accounted for 64.4 percent of the revenues of all carriers which were included in the approved transactions. Class I carriers, or those with revenues of \$1 million or more, accounted for 95.5 percent; class II carriers (revenues between \$200,000 and \$1,000,000) accounted for 4.0 percent; and the class III carriers (revenues of less than \$200,000) accounted for 0.5 percent of the \$1,544.2 million revenues of the 429 carriers. The revenues of the \$10 million and over group of carriers in the approved transactions represented 45.5 percent of the revenues of all reporting carriers of

that size. Class I carriers in approved transactions accounted for 28.6 percent of the revenues of all reporting class I carriers; class II carriers in the approved section 5 transactions received 5.1 percent of the revenues of all class II carriers; and the class III carriers in the section 5 group received 1.3 percent of the revenues of all carriers reporting revenues of \$200,000 or less.

General commodity carriers in the section 5 approved transactions numbered 236, an increase of 26.9 percent over the number involved in the previous period. The revenues of these 236 carriers amounted to \$1,259.4 million, 29.6 percent of the revenues of all general commodity carriers and 67.5 percent greater than the revenues in the preceding period.

There were 26 household goods carriers in the approved transactions, or 10 more than in fiscal year 1960, and their revenues were \$30.4 million, or 46.1 percent less than in the previous period. The revenues of the 26 carriers were 7.0 percent of the revenues of all household goods carriers, as compared to 17.2 percent of the total for the 16 carriers of the previous year.

The 167 special commodity carriers in the approved transactions were 38.9 percent of all involved carriers, and were 45.2 percent above the number in fiscal 1960. Their revenues, \$254.5 million, were 16.5 percent of the revenues of all involved carriers, and were 75.7 percent above the revenues of the 115 special commodity carriers in the approved section 5 transactions in fiscal 1960.

The 236 general commodity carriers, based on the amount of revenues reported, were 45.5 percent in the eastern district, 15.6 percent in the southern district, and 38.9 percent in the western district. For the 5,952 general commodity carriers reporting revenues to the Interstate Commerce Commission, 53.0 percent of the revenues were reported in the eastern district, 13.8 percent were in the southern district, and 33.2 percent were in the western district. The revenues of the 26 household goods carriers in the approved transactions were distributed 46.2 percent in the eastern district, 5.7 percent in the southern district, and 48.1 percent in the western district. For the 1,515 household goods carriers reporting revenues, 60.6 percent of the revenues were in the eastern district, 6.4 percent in the southern district, and 33.0 percent were in the western district. Fifty-five percent of the revenues of the special commodity carriers in approved transactions were in the eastern district, 13.1 percent were in the southern district, and 31.9 percent were in the western district. The corresponding revenue distribution for all special commodity carriers reporting to the Commission was 55.3 percent, 11.4 percent, and 33.3 percent, respectively.

*Degree of Concentration, 1957-58-59*

The percentage distribution of carriers on the basis of revenues reported for 1957, 1958, and 1959 are shown below. Data for 1960 are not yet available.

| Revenue group                     | Carriers       |                |                | Revenue        |                |                |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
|                                   | 1957           | 1958           | 1959           | 1957           | 1958           | 1959           |
| <i>General commodity carriers</i> | <i>Percent</i> | <i>Percent</i> | <i>Percent</i> | <i>Percent</i> | <i>Percent</i> | <i>Percent</i> |
| Over \$10,000,000-----            | 0.97           | 1.11           | 1.40           | 32.84          | 34.71          | 39.48          |
| \$5,000,001 to \$10,000,000-----  | 1.35           | 1.31           | 1.76           | 17.09          | 15.72          | 16.77          |
| \$2,500,001 to \$5,000,000-----   | 2.50           | 2.66           | 2.84           | 15.84          | 15.82          | 14.07          |
| \$1,000,001 to \$2,500,000-----   | 4.82           | 5.24           | 5.44           | 13.75          | 13.98          | 12.18          |
| \$500,001 to \$1,000,000-----     | 5.98           | 6.29           | 6.65           | 7.50           | 7.51           | 6.70           |
| \$300,001 to \$500,000-----       | 5.47           | 5.31           | 5.88           | 3.79           | 3.49           | 3.22           |
| \$200,001 to \$300,000-----       | 5.32           | 5.55           | 6.13           | 2.33           | 2.28           | 2.08           |
| \$100,001 to \$200,000-----       | 13.43          | 13.44          | 14.67          | 3.45           | 3.27           | 2.95           |
| \$50,001 to \$100,000-----        | 13.43          | 13.68          | 13.27          | 1.76           | 1.70           | 1.35           |
| \$25,001 to \$50,000-----         | 15.51          | 15.47          | 15.26          | 1.03           | 0.96           | 0.78           |
| Up to \$25,000-----               | 31.22          | 29.94          | 26.70          | 0.62           | 0.56           | 0.42           |
| Total-----                        | 100.00         | 100.00         | 100.00         | 100.00         | 100.00         | 100.00         |
| <i>Household goods carriers</i>   |                |                |                |                |                |                |
| Over \$10,000,000-----            | 0.32           | 0.36           | 0.40           | 39.12          | 41.78          | 41.48          |
| \$5,000,001 to \$10,000,000-----  | 0.32           | 0.36           | 0.59           | 9.41           | 10.57          | 15.64          |
| \$2,500,001 to \$5,000,000-----   | 0.57           | 0.49           | 0.46           | 9.02           | 7.95           | 6.12           |
| \$1,000,001 to \$2,500,000-----   | 1.07           | 1.16           | 1.32           | 6.71           | 7.41           | 7.43           |
| \$500,001 to \$1,000,000-----     | 1.58           | 1.28           | 1.72           | 5.04           | 3.82           | 4.18           |
| \$300,001 to \$500,000-----       | 2.66           | 2.74           | 3.89           | 4.43           | 4.55           | 5.23           |
| \$200,001 to \$300,000-----       | 5.63           | 4.50           | 4.62           | 6.13           | 4.76           | 3.93           |
| \$100,001 to \$200,000-----       | 13.91          | 13.44          | 13.93          | 8.77           | 8.24           | 7.00           |
| \$50,001 to \$100,000-----        | 18.53          | 17.70          | 18.88          | 5.82           | 5.47           | 4.71           |
| \$25,001 to \$50,000-----         | 23.34          | 23.05          | 22.38          | 3.82           | 3.64           | 2.88           |
| Up to \$25,000-----               | 32.07          | 34.92          | 31.81          | 1.73           | 1.81           | 1.40           |
| Total-----                        | 100.00         | 100.00         | 100.00         | 100.00         | 100.00         | 100.00         |
| <i>Special commodity carriers</i> |                |                |                |                |                |                |
| Over \$10,000,000-----            | 0.15           | 0.21           | 0.32           | 6.94           | 10.88          | 14.69          |
| \$5,000,001 to \$10,000,000-----  | 0.55           | 0.46           | 0.61           | 12.93          | 10.14          | 11.22          |
| \$2,500,001 to \$5,000,000-----   | 1.35           | 1.38           | 1.45           | 15.52          | 15.71          | 14.64          |
| \$1,000,001 to \$2,500,000-----   | 3.98           | 4.00           | 4.85           | 20.44          | 20.13          | 20.47          |
| \$500,001 to \$1,000,000-----     | 6.20           | 6.39           | 7.21           | 14.85          | 14.86          | 14.21          |
| \$300,001 to \$500,000-----       | 8.03           | 7.60           | 7.77           | 10.62          | 9.85           | 8.52           |
| \$200,001 to \$300,000-----       | 6.46           | 6.59           | 7.19           | 5.37           | 5.37           | 4.98           |
| \$100,001 to \$200,000-----       | 14.08          | 14.18          | 14.63          | 6.85           | 6.68           | 5.98           |
| \$50,001 to \$100,000-----        | 13.67          | 13.45          | 14.00          | 3.40           | 3.34           | 2.84           |
| \$25,001 to \$50,000-----         | 15.72          | 15.73          | 15.19          | 1.96           | 1.93           | 1.57           |
| Up to \$25,000-----               | 29.81          | 30.01          | 26.78          | 1.12           | 1.11           | 0.88           |
| Total-----                        | 100.00         | 100.00         | 100.00         | 100.00         | 100.00         | 100.00         |

## ISSUANCE OF SECURITIES AND ASSUMPTION OF OBLIGATIONS

Applications were granted under sections 20 and 214 for authority to issue securities in the principal and par amount of \$595,640,105, and 6,183,372 shares of no-par-value common stock, of which \$80,933,056 principal and par amount and 5,939 no-par-value shares were to be issued by motor carriers. Corresponding figures for the previous year were \$277,821,243 and 22,016,836 no-par-value shares of which \$63,800,075 principal and par amount and 464,597 no-par-value shares were to be issued by motor carriers. No applications were filed under section 20b.

Authority was granted for the assumption of obligation and liability with respect to \$1,231,834,126, total principal amount, of

securities, of which \$145,065,000 was with respect to railroad equipment-trust certificates. The coupon rate of these certificates ranged from 3¾ to 4½ percent, the selling price from 98.13 to 99.7653 percent of the principal, plus accrued interest, and the average annual cost of the proceeds for the various assumptions ranged from 4.04 to 5.26 percent. None of the rates reached last year's high of 5.54 percent; this year's low was 0.45 percentage points lower than last year's, and in general the trend was downward.

Three special applications for exemption from competitive bidding, under the provisions of Ex Parte No. 158, *In re Competitive Bidding in Sale of Securities*, 257 I.C.C. 129, were granted.

During the year 175 applications and 18 petitions involving securities were filed, and 181 applications and 23 petitions were decided. Included in these were 89 applications filed by railroads or companies controlling railroads, and 86 were filed by motor carriers or their noncarrier parent companies. Of the former, 17 applications were filed for the purpose of financing, in whole or in part, railroad acquisition transactions under section 5, while 25 applications were filed for similar motor-carrier transactions.

### RAILROAD REORGANIZATIONS

No petitions for reorganization of railroads under section 77 of the Bankruptcy Act were filed during the year.

Since passage of section 77 of the Bankruptcy Act on March 3, 1933, 65 proceedings have been instituted for reorganization under that section. Reorganization has been completed in 39 cases, and the proceedings have been discontinued in 20. In three other proceedings the railroads have abandoned operations, but proceedings in the courts have not been concluded.

In the New Jersey and New York Railroad Company reorganization proceeding, an examiner's report and recommended order were served on September 2, 1960, recommending approval of a modified plan of reorganization for the debtor company, and deferring entry of order on the application of the Erie Railroad Company (now Erie-Lackawanna Railroad Company) under section 5(2) to acquire control of the reorganized company pending the court's confirmation of the plan. Exceptions, and a reply to exceptions, were filed. A final report was being prepared.

The plan of reorganization of the Florida East Coast Railway Company was consummated on January 1, 1961.

In the proceedings for reorganization of the Boston & Providence Railroad Corporation, a brief hearing was held on July 13, 1960, before an examiner, but the parties were not prepared to proceed and the hearing was adjourned to a date to be fixed. No plan of

reorganization has been filed in the Atlantic and Danville Railway Company reorganization proceeding, referred to in our last report.

Appendix D contains a list of railroads in reorganization or receivership, and summaries of railroad mileage involved in such proceedings at the end of 1958, 1959, and 1960, and at stated intervals since 1895.

#### GUARANTY OF LOANS

At the beginning of the year two applications for loan guaranties under part V of the act totaling \$10,159,400 were pending. Twelve applications for guaranties of \$87,000,000 were filed during the year. Related applications under section 20a for authority to issue or pledge securities accompanied 10 of the part V applications. Eleven applications involving \$75,159,400 were approved, a portion of one application totaling \$2,500,000 was denied, and 3 applications totaling \$19,500,000 were pending.

From the inception of the loan guaranty program in August 1958 to June 30, 1961, a total of 25 applications seeking \$167,792,460 were received. Withdrawal of one application and amendments to others reduced the amount of guaranties sought to \$154,317,360. Nineteen applications involving \$128,317,360 were approved, and two seeking \$1,000,000 were denied as were portions of two applications totaling \$4,500,000.

Although the railroads at first moved cautiously in utilizing the guaranty provisions, continuing depressed levels of traffic and revenues, which in turn reduced working capital to dangerously low amounts, prompted more of the railroads, particularly in the Eastern District, to apply for loan guaranties. The 12 applications for \$87,000,000 contrasted with 4 applications involving \$8,500,000 in the previous reporting period. Of the 25 applications for \$147,792,460 from the beginning of the program to June 30, 1961, 19 for \$140,992,460 were from Eastern District railroads, 4 for \$4,800,000 were from the Southern District, and 2 totaling \$22,000,000 were from railroads in the Western District.

On April 1, 1961, the original termination date of the loan guaranty authority was extended from March 31, 1961, to June 30, 1963. Several other amendatory provisions were proposed but none was approved.

## SERVICE AND FACILITIES

There were many improvements in equipment and other facilities of the carriers subject to our jurisdiction, leading to generally better service. Bad weather and work stoppages caused the usual interruptions to service, but none of them lasted long.

There was a further decline in the class I railroads' ownership of serviceable freight cars, but ownership of some special types increased.

Trailer-on-flatcar service continued to grow, and there was marked progress toward standardization of containers.

Motor carriers of property continued their growth, while the bus-lines carried fewer passengers but fared somewhat better than in the previous year because of increases in other revenue-producing services. Water carrier service saw the launching of the first U.S.-built, ocean-going hydrofoil vessel, and of a 6,000-ton barge for service between California and Alaska.

A more detailed discussion of these and other developments is contained in the following sections of this chapter.

### COORDINATION OF CARRIER OPERATIONS

Developments and growth in carrier coordination primarily involved transportation by railroads and highway vehicles. The chapter "Rate Proceedings and Activities" reviews matters pertaining to rates and charges for coordinated services which were challenged during the year.

#### *Rail-Highway Service*

Expansion of rail-highway coordinated service may be estimated from (1) the number of railroad flatcars equipped for the service, (2) the number of railroads participating in tariffs publishing regulations and charges, and (3) the number of flatcars<sup>4</sup> reported loaded with trailers or containers. Each of these measures showed increases.

As of June 30, 1961, the number of flatcars equipped for piggyback service was 12.1 percent greater than on the same date in the preceding year. This increase was both numerically and relatively much smaller than the increase in the preceding 12 months. The proportion of privately owned to railroad-owned cars continued to grow, although less rapidly than during the preceding period. The greater private-car growth represents increases in the equipment used under plan IV

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<sup>4</sup> Includes gondola cars loaded with van containers (without trailer chassis and wheels).

and expansion of the car pools, some of which are owned in part by railroads but classified as private car lines.

*Flatcars equipped for trailer-on-flatcar (piggyback) service, 1957-1960* <sup>1</sup>

|                                          | As of June 30— |        |        |         |        |         |        |         |
|------------------------------------------|----------------|--------|--------|---------|--------|---------|--------|---------|
|                                          | 1957           | 1958   | 1959   |         | 1960   |         | 1961   |         |
|                                          | Number         | Number | Number | Percent | Number | Percent | Number | Percent |
| Railroad-owned.....                      | (2)            | (2)    | 4,571  | 66.9    | 6,106  | 56.3    | 6,630  | 54.5    |
| Privately owned <sup>3</sup> .....       | (2)            | (2)    | 2,264  | 33.1    | 4,740  | 43.7    | 5,527  | 45.5    |
| Total.....                               | 3,944          | 4,191  | 6,835  | 100.0   | 10,846 | 100.0   | 12,157 | 100.0   |
| Percent increase over previous year..... | 31.4           | 6.3    | 63.1   | -----   | 58.7   | -----   | 12.1   | -----   |

<sup>1</sup> Includes some gondola cars and flatcars for carrying van containers (without trailer chassis and wheels).

<sup>2</sup> Not available.

<sup>3</sup> Includes cars owned by pools which are in whole or in part owned by railroads.

As shown in the tabulation below, the number of railroads participating in piggyback tariffs continued to increase, although to a smaller extent than during the previous 12 months. Participation by class I railroads was approaching 100 percent and it was near 30 percent for "Other railroads," a classification which included about 220 switching and terminal roads.

*Number of railroads participating in trailer-on-flatcar tariffs, 1957-61*

|                                  | As of June 30— |      |      |      |      |
|----------------------------------|----------------|------|------|------|------|
|                                  | 1957           | 1958 | 1959 | 1960 | 1961 |
| Class I line-haul railroads..... | 57             | 57   | 60   | 88   | 96   |
| Other railroads.....             | (1)            | 31   | 41   | 144  | 154  |
| Total.....                       | (1)            | 88   | 101  | 232  | 250  |

<sup>1</sup> Not available.

The following table shows the distribution by districts of trailer-on-flatcar loadings and other related information for the past 3 calendar years and for the first 6 months of 1960 and 1961. The largest absolute and relative increase in the first half of 1961 occurred in the southern district, which had the largest relative increase in 1960. The western district, which had the largest absolute increase in 1960, experienced a slight decrease in piggyback loadings in the first half of 1961. The weekly averages and maximums and the number of reporting railroads were greater in each period than in the preceding corresponding period. As indicated above, these data reflect carloadings only. Although most flatcars in the service carry two trailers or van containers, many carry only one. Some long flatcars carry more than two of the smaller trailers or containers.

*Trailer-on-flatcar loadings<sup>1</sup> by districts, 1958-61*

|                                               | Calendar year— |              |         |              |         |              | First half of— |              |         |                  |
|-----------------------------------------------|----------------|--------------|---------|--------------|---------|--------------|----------------|--------------|---------|------------------|
|                                               | 1958           |              | 1959    |              | 1960    |              | 1960           |              | 1961    |                  |
|                                               | Cars           | Per-<br>cent | Cars    | Per-<br>cent | Cars    | Per-<br>cent | Cars           | Per-<br>cent | Cars    | Per-<br>cent     |
| Cars loaded:                                  |                |              |         |              |         |              |                |              |         |                  |
| Eastern district.....                         | 130,431        | 47.1         | 198,492 | 47.8         | 251,523 | 45.4         | 129,380        | 46.8         | 131,513 | 46.0             |
| Southern district.....                        | 8,907          | 3.2          | 10,783  | 2.6          | 33,412  | 6.0          | 8,549          | 3.1          | 22,543  | 7.9              |
| Western district.....                         | 137,429        | 49.7         | 205,881 | 49.6         | 269,180 | 48.6         | 138,506        | 50.1         | 132,010 | 46.1             |
| Total.....                                    | 276,767        | 100.0        | 415,156 | 100.0        | 554,115 | 100.0        | 276,435        | 100.0        | 286,066 | 100.0            |
| Percent increase from the<br>previous period: |                |              |         |              |         |              |                |              |         |                  |
| Eastern district.....                         |                | 0.2          |         | 52.2         |         | 26.7         |                | 30.7         |         | 1.6              |
| Southern district.....                        |                | 44.0         |         | 21.1         |         | 209.9        |                | 82.6         |         | 163.7            |
| Western district.....                         |                | 22.0         |         | 49.8         |         | 30.7         |                | 39.0         |         | <sup>d</sup> 4.7 |
| Total.....                                    |                | 11.1         |         | 50.0         |         | 33.5         |                | 36.0         |         | 3.5              |
| Weekly average.....                           | 5,322          |              | 7,984   |              | 10,656  |              | 10,632         |              | 11,003  |                  |
| Maximum week.....                             | 6,890          |              | 9,188   |              | 12,224  |              | 11,560         |              | 12,609  |                  |
| Number of reporting<br>railroads.....         | 42             |              | 50      |              | 55      |              | 53             |              | 58      |                  |

<sup>1</sup> Includes gondola cars and flatcars loaded with van containers (without trailer chassis and wheels).

<sup>d</sup> Decrease.

Of the five plans <sup>5</sup> under which piggyback service is furnished, plan II is the most widely offered, followed by plans I, III, IV, and V in that order. Several railroads offer all five plans, but nearly half of the class I line-haul railroads originate no piggyback traffic.

Using a new all-rail route via Maybrook, N.Y., Phillipsburg and Trenton, N.J., a 60 m.p.h. freight train, which included through piggyback service, eliminated nearly 24 hours from the schedule between Boston and Chicago via New York City. This route utilizes for 64 miles a line on which several highway overpasses were altered to provide the overhead clearance necessary for TOFC service. Highway trailers on flatcars could not have been carried on the old route because of clearance restrictions at the docks serving the floating transfer across New York Harbor.

Another fast service over existing routes for piggyback and forwarder traffic from New England and New York areas to the Middle West was facilitated by the consolidation of two eastern railroads. This schedule saves a full day to St. Louis and beyond.

A newly scheduled, exclusively piggyback train saves a day between Florida points and New York City as compared with the fastest previous freight schedule of a southeastern railroad.

The nearly 500-mile move of the general offices of a large railroad in 1960, together with the household goods of 900 employees, was the first furniture-van movement by piggyback in the Southeast.

<sup>5</sup> Descriptions were given of plans I to IV in the 73d (1959) Annual Report and of plan V in the 74th (1960) Annual Report.

A railroad in the Northern Middle West became the first in this country to obtain approval from the AAR Bureau of Explosives to carry restricted commodities in tank trailers via piggyback.

REA Express and an eastern railroad inaugurated the first daily passenger-train piggyback movement between New York and Chicago, supplementing regular express cars in the same trains. Piggyback flatcars, 85 feet long and equipped with air-signal and steam-heat connections for passenger-train operations, are used for this new service. The service is in addition to the containerized services recently inaugurated by REA Express and the subsidiary it organized for leasing piggyback and containerization facilities, discussed later in this section.

A company formed in 1960 to finance, construct, and operate piggyback terminal facilities is owned by six trucking firms, one railroad, and a company specializing in piggyback operations. The latter will design and supervise construction of the facilities. Heretofore, these terminals generally have been built and paid for by the railroad.

The use of mobile gantry cranes in piggyback terminals is increasing. This type of crane can move freely about on rubber-tired wheels, rather than being restricted to extra-wide-gage tracks, as is the conventional gantry crane. Mobile gantry cranes are useful terminal equipment for handling lift-on and lift-off containers to and from flatcars. They are also used to pick up wheeled trailer bodies which permits the side loading or unloading of flatcars with such wheeled vehicles. Otherwise wheeled trailers could be placed or reached in a train only by end-loading or -unloading over a series of intervening flatcars.

Although most marine coordination is carried out by means of ships handling van-type containers, there are roll-on roll-off trailer-ship operations in which truck-trailer bodies complete with running gear and wheels are handled. A service of this kind was initiated in October 1960 on an 800-mile route between Florida and Guatemala. The trailers are moved 220 miles by highway to Guatemala City. From this central point they are distributed to the north as far as the Mexican border and south over the Inter-American Highway to destinations in various nearby countries. This is the first trailer-ship door-to-door service between points in the United States and Central America.

Despite the widespread trend in recent years toward the use of 85-foot piggyback cars for handling two large trailers, smaller cars are still being converted to carry one trailer per car. For example, a railroad in the Southeast converted fifty 53-foot flatcars to piggyback service in 1960.

A carbuilder has produced a low-level piggyback car 89 feet long, which is said to be the longest nonarticulated car built for any service. It is equipped with 28-inch wheels. The top of the flush floor is only 32½ inches above the rail. The car can also be used to carry automobile racks.<sup>6</sup> Despite its length, it can negotiate a 16-degree curve when coupled to conventional cars.

Several pools of piggyback cars have been organized to supply cars to member railroads or by lease to carriers or shippers. The largest pool, mentioned in previous reports, and owned <sup>7</sup> by 34 railroads and 1 freight forwarder, has accumulated a fleet <sup>7</sup> of 6,259 cars (more than 5,000 85-footers) in the past 5 years. The most recently established pool, created in 1960, is a trailer and container leasing subsidiary of REA Express Co.

A pool of trailers for use in piggyback operation, called a "Trailer Interchange Pool," was organized. It provides a supply of trailers at strategic points throughout the country for use of member carriers as needed to meet sudden peak traffic demands.

Railroad interchange rules for trailers and containers became effective January 1, 1961. The rules are expected to add flexibility to nationwide railroad piggybacking and containerization.

### *Containerization*

The first American standards for containers, discussed in previous reports, were officially approved and issued jointly by the American Standards Association and the American Society of Mechanical Engineers. They provide for a van container cross-section of 8 by 8 feet, and nominal length standards of 10, 20, 30, and 40 feet. Similar sizes had been adopted previously by the National Defense Transportation Association.

The United States Maritime Administration announced that ships designed to carry containers, and for which construction-differential subsidy or Government-insured mortgages are sought, must be designed to accommodate containers meeting these standards. Otherwise, of course, the standards are not binding on anyone who chooses to build van containers of nonconforming sizes.

A handling-and-securing task force of ASA made progress on these features of container standardization. A recessed pin-type fastening proposed by a large trailer manufacturer was rejected by the task force in favor of a box-type corner casting already widely used in several nonstandard forms. Many details remain to be worked out before full standardization of handling and securing devices can be recommended.

<sup>6</sup> For more details on auto rack cars, see section on "Railroads—Progress in Operational Improvements" in this report.

<sup>7</sup> As of February 1961.

Other task forces of the ASA meanwhile continued work on standard sizes for containers in the "cargo" and "small shipping" groups.<sup>8</sup>

The problem of international standards for van container sizes remains to be solved. Practically all American van-type containers, regardless of other dimensional differences, have always been at least 8 feet wide. Clearances, notably on some railroads, have restricted the width of European containers to 7 feet 7 inches in some countries. American 8-foot containers have been granted permits to move on certain highway routes in Europe, and, in addition, proposed European standards of less than 8-foot width have been under study for adoption here. It is believed, however, that if such standards are adopted there will be further restrictions on permits for the use of American containers in Europe. Also, although the smaller European vans could easily be handled in this country, it is unlikely that American industry would ever adopt a width of less than 8 feet in order to meet European standards.

In order to expedite progress in the international field, the ASA has requested the International Standards Organization at Geneva to inaugurate a new project on international freight container size. Tentative approval of such a project has been given. The first meeting of the ISO freight container project is planned for September 1961 in New York.

Accurate information as to the number of containers is difficult to obtain. As of September 1960, an incomplete record of containers in use and on order in the United States showed a total of 43,887, of which 41,013 were for marine use.<sup>9</sup> This total may include a few cargo-size and small shipping containers,<sup>10</sup> but this possible overstatement of the total may be largely offset by the number of van containers omitted from the record. Only about 20,000 van containers were estimated to be in use a year ago, as mentioned in last year's report.

There are known to be at least two international container pools in operation, mainly active in marine containerization, one having about 4,000 containers and based in this country and the other, with more than 5,000 containers, based in France.

REA Express commenced scheduled operation in passenger trains of two 85-foot flatcars carrying small containers between New York and St. Louis and certain intermediate points. One car carries 20 containers, each 4 feet x 8 feet x 8 feet, which can be individually side-loaded or unloaded by 1 man, or can be end-loaded or unloaded in

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<sup>8</sup> These groups were defined at page 82 in the 73d (1959) Annual Report.

<sup>9</sup> As reported to *Modern Railroads*. (See October 1960 issue, page 76.)

<sup>10</sup> These sizes were defined at page 82 in the 73d (1959) Annual Report.

groups of 5 on 20-foot removable racks using the Clejan system.<sup>11</sup> Using side handling, a container can be loaded or unloaded during an intermediate station stop without delaying the passenger train. The other car carries sixteen 5-foot containers by side- or end-loading or unloading, but does not use the Clejan system.

An entirely new design and loading method for the Flexi-Van container system, called "Mark III," was under test operation on three railroads. This new system uses a special yard tractor for loading and unloading instead of the regular over-the-road tractor, as in the present Flexi-Van system. The two systems are not interchangeable. Instead of the van pivoting on its center on a turntable on the railroad car, the rear of the van is pivoted near an end of the car and the front end is swung into position by the tractor. The new system requires a clear space on only one side of the car instead of on both sides, and all hydraulic equipment is omitted from the car, further reducing its weight and cost. This development illustrates the manner in which premature standardization could hinder progress.

Among the special types of containers which have found acceptance is the drop-bottom, bulk-materials container, which eliminates intermediate handling of bulk commodities. Drop-bottom bulk containers up to 325 cubic feet capacity have been placed in service.

An adjunct to container operation is the development by a large rubber company of plastic liners. Within 15 minutes, it is claimed, a dry freight container can be converted to a "Van Tank" for handling liquids. This development adds flexibility to containerization in the direction of the universal container.<sup>12</sup> When not in use, the liner can be rolled up to occupy little space.

The use of Railvans by a large railroad in Michigan was increased by the addition of 12 units, bringing the total of these units in mail and express service, on passenger trains, to 20. The Railvan was described and illustrated on page 74 of the 73d (1959) Annual Report.

Container movement via passenger train was tested in a 71-hour run of two passenger-train-equipped flatcars between New York and Los Angeles. One car carried 20 REA 2-ton small shipping containers; the other carried a 40-foot Flexi-Van container and two 20-foot Strick-Tainers rigidly coupled together to form a 40-foot Flexi-Van container.

The Alaska Railroad (an agency of the Department of the Interior) increased its ownership of van-type box containers to 322 during 1960. The participating marine and highway carriers own another 700. This is an expanding LCL container system between the Pacific

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<sup>11</sup> The Clejan system for end-loading and unloading of containers was briefly described at page 84 of last year's Annual Report.

<sup>12</sup> Discussed at page 88 in the 74th (1960) Annual Report.

Coast States and Alaska. The savings made possible by containerization are said to have made a rate increase unnecessary for the Alaska Railroad.

A large western railroad plans to establish through its motor carrier subsidiary a coordinated pickup and delivery service for lift-on and lift-off van container traffic to move between California port areas and the Hawaiian Islands in cooperation with a scheduled water carrier.

A round-the-world American flag steamship line has two semi-container ships under construction for its trans-Pacific service. Besides having ample space for general cargo, these ships have 1 hold for automated stacking of 108 standard 20-foot containers in cells below decks together with 18 more on the hatch cover on deck. A 25-ton gantry crane rides above the hatch of this hold for handling the containers. The aluminum containers with steel corner posts are of the twin type which can be locked together in pairs when on land to form 40-foot units.

Although not strictly a form of containerization, one of the largest airlines plans to inaugurate in September 1961 a worldwide air cargo distribution system using large pallets with the lading thereon wrapped in loading nets. These palletized loads are of a size suitable for use on a flat-bed motortruck or trailer on land. The pallets, each of which can carry up to 6,700 pounds of cargo, are lifted easily from the ground with a large forklift truck and rolled and locked into place in the plane.

## RAILROADS

### *Progress in Operational Improvements*

Railroad capital expenditures for 1960 were greater than in 1958 and 1959, but well below the levels of 1956 and 1957, as indicated in the table below:

*Gross railroad expenditures for capital improvements. Year ended December 31.*

(Thousands)

|                                      | 1956      | 1957      | 1958      | 1959 <sup>1</sup> | 1960      |
|--------------------------------------|-----------|-----------|-----------|-------------------|-----------|
| Additions and betterments:           |           |           |           |                   |           |
| Road.....                            | \$406,500 | \$386,956 | \$258,356 | \$249,561         | \$285,324 |
| Equipment.....                       | 821,357   | 1,007,749 | 479,680   | 567,667           | 633,406   |
| Total.....                           | 1,227,857 | 1,394,705 | 738,036   | 817,228           | 918,730   |
| Percent increase over previous year: |           |           |           |                   |           |
| Road.....                            | 19.1      | d 4.8     | d 33.2    | d 3.4             | 14.3      |
| Equipment.....                       | 44.6      | 22.7      | d 52.4    | 18.3              | 11.6      |
| Total.....                           | 35.0      | 13.6      | d 47.1    | 10.7              | 12.4      |

<sup>1</sup> These final figures differ slightly from preliminary data shown in the 74th Annual Report.

<sup>d</sup> Decrease.

The construction of electronic classification yards continued to account for a substantial portion of capital expenditures. Two such yards were completed in 1960, and others were under construction.

Relocations of several railroad lines were completed, in progress, or planned. A 44-mile line revision in Arizona, mentioned in last year's report, was completed. The same railroad plans another relocation of 27 miles of track in Arizona. A \$40 million line revision in Northern California, necessitated by the erection of a dam, was still under construction. Another line relocation of 80 miles, also required by dam construction, was started in the Northwest. Relocations required by the construction of dams require relatively modest outlays of capital by the railroads involved as the greater part of the costs are chargeable to the agencies responsible for the construction of the projects.

There has been very little new railroad construction in the United States in recent years. Two relatively major projects recently were:

(1) A 28-mile line to reach an iron mine in southeast Missouri. Aerial photogrammetry was used to make the location survey through the rugged terrain of the Ozark foothills. Track materials were trucked to the site. It is expected that 100 cars of iron ore pellets will be handled daily when the mine is in full operation, which will be about 1963.

(2) A 39-mile line in Utah to serve a new potash plant, which will be the largest plant of its kind in the western hemisphere. This line will have a ruling grade of 1 percent and a 1.25-mile tunnel.

A new mechanized pressure welding system to produce "ribbon-rail," in which 9 men make 70 welds per shift, is in experimental use on a western railroad. The equipment is mounted on cars and it is designed for automated pushbutton operation. An important feature of the system is the equalization of welding time and grinding time on the 115-pound rail used to eliminate delay of one operation by the other. For the welding operation the abutting rail-ends are heated until they become soft, after which they are forced together by longitudinal pressure. The grinding operation to remove surplus metal is performed by high-speed belt grinders while the rail is still hot. Other operations and tests are also performed within the cycle of a complete weld, which takes about 4½ minutes. This new system, claimed to be the biggest forward step in rail welding in 22 years, is available on a lease basis for railroad operation or on a contract basis for operation by the manufacturer at one of its welding plants.

Two improved steel welding rods have been placed on the market for welding repairs of rail in place. The first is used to form a hard abrasion-resistant surface in building up battered rail-ends at joints.

The second is used to repair driver burns in rails and to build up worn frogs and switch points. Almost 25,000 welds were made with these rods without a single failure being reported.

Epoxy resins figure in several AAR research projects. Several railroads are testing epoxy-glued rail joints. The AAR laboratory has made tests with the tie plate fastened directly to a concrete tie with an epoxy and with the rail base epoxy-glued directly to the concrete tie. The latter, if successful, would afford large economies through elimination of tie pads, plates, and fastenings.

A hook-flange guardrail now obtainable can be installed without drilling holes in the running rail. The weight of the passing train keeps the guardrail firmly in place without spreading under the lateral thrusts of the wheel flanges.

Prestressed concrete ties were being given roadbed tests by a western railroad, as well as by the two railroads in the Southeast mentioned in last year's report. A machine that will produce a concrete tie in 30 seconds has been built. After curing 14 hours under steam the tie is ready for the track. It is estimated by the manufacturer that \$30,078 will buy 1 mile of concrete ties, including bolts, clips, threaded inserts, tie plates, and pads, which is said to be less than the cost of out-of-face installation of timber ties under welded rail. It is expected that these ties will have a life of over 50 years, greatly extending maintenance cycles.

A one-piece, prestressed concrete support developed by AAR applied research has been placed in use under a busy crossing of two railroads in the Chicago terminal area. This support is expected to reduce maintenance cost in comparison with costs of crossings laid on the conventional timber supports.

Railroads have recently been doing more out-of-face track surfacing on a cycle basis. This practice has been made possible by the availability of machinery and devices that have greatly increased man-hour production. With modern equipment a gang of eight or nine men can surface a mile of track a day. Formerly, a crew of 50 men could hand-tamp about 3,500 feet a day.

As a further development along this line, a large western railroad has set up six mechanized track smoothing gangs of nine men each. These gangs are cutting surfacing costs and improving track quality by performing smoothing operations between major out-of-face surfacing operations on a schedule which also enables the railroad to extend its surfacing cycle.

Most of the large track maintenance operations are fully mechanized by various kinds of machines. Recently, however, some new devices have tended to carry mechanization into the smaller operations. For example, a spot tamper now available enables one man to do the

work of four in raising low joints. Two other devices have been marketed, one to apply an oil coating to rail joints at low cost, and the other to apply a heated creosote protective coating to newly adzed tie surfaces. In the past, there was little mechanization of simple operations such as the two mentioned above.

An inspection car, new in this country, is capable of electronically measuring track surface and alignment while moving at speeds up to 100 miles per hour. Repairs can later be made to the track at points detected by this car. The inspection car can also be used as a "research center on wheels."

An increasing number of railroads have adopted in recent years a rust-preventive, long-lasting, single-coat chemical spray for steel bridges as a substitute for paint. It is claimed that this process saves about 50 percent of the cost of protecting exposed steel in bridges.

Hydraulically operated aerial platforms mounted on highway trucks, or on trucks also equipped to operate on rails, are being used to an increasing extent. Some of these platforms can be extended to a height of 45 feet in order to facilitate inspection and maintenance work with three men or less on the undersides of overhead bridges, ceilings of tunnels, tops of poles, et cetera.

Construction has been virtually completed on a rail-to-barge coal handling facility, designed to unload 3,000,000 tons of coal per year, at Florence, Ala. All operations of this unloading facility, including the movements of an unmanned 44-ton diesel switching locomotive, will be controlled by one man in a tower. It is expected that a 4,000-ton train can be unloaded and turned in a little more than 2 hours.

Installations of centralized traffic control (CTC) continued despite the business recession, being extended by 2,185 road-miles in calendar year 1960, an increase of more than 60 percent above 1959.

Highway crossing protection installed in 1960 consisted of 774 installations with flashing lights only and 345 with flashing lights and gates.

A total of 79 interlocking plants were installed during 1960. The net increase was probably much less, since interlocking plants are continually being combined or removed for CTC installations.

During calendar year 1960 miscellaneous safety devices related to signaling were installed as follows:

- 17 dragging equipment detectors
- 141 hotbox detectors
- 49 high water detectors
- 15 broken wheel detectors
- 25 fill slip detectors
- 32,966 feet of slide detector fence

Three railroads installed standard reflector stop signs in place of old-style crossing arms at 556 railroad crossings with secondary roads in 8 counties in Michigan. Accidents were reduced by 85 percent and fatalities by 98 percent on an annual basis at these crossings, which were unprotected by gates or other warning devices.

The railroads continued to acquire large quantities of new communications equipment. Some of the items added during calendar year 1960 are given below:

Radio:

- 2,189 mobile sets
- 510 base sets
- 941 walkie-talkies

Yard communications:

- 75 loudspeaker or intercom systems
- 1,141 loudspeakers
- 110 telephones

Carrier equipment terminals and repeaters:

- 1,010 voice
- 201 speech plus telegraph
- 166 telegraph

The number of installations of private, railroad-owned, point-to-point beam microwave communication systems continued to increase. As of May 1961, the railroads operated 5,180 miles of microwave. Another 11,000 miles were under construction or in the planning stage. In contrast, at least one railroad is using and others are considering a service of this kind provided by a telephone company.

Electronic data processing continued to receive the attention of railroad management. Many railroads have completed the planning and programming which precedes the installation of "second generation" computers. These machines will have the added capacity and speed to handle additional applications not possible with the older equipment.

With the installation of computers of increased capacity, the trend is expected to be toward centralization of all accounting operations. Several railroads are planning to abandon all local accounting units through the use of fast data transmission to the computer center. Other companies envision an integrated system, serving the needs of management, Government, and public from waybills or a similar document.

Through the use of electronic data processing, much has been accomplished in the areas of car tracing, inventory control, accounting, statistical research, and other operations. Computers now available will allow expansion of these applications in addition to others, assuming that problems of system design, standardization, programming, and others can be solved.

The first statewide freight payment service for shippers and carriers went into operation in California through the facilities of a bank with many branches. It is expected that carriers' collection costs can be materially reduced by use of this freight bill clearing system.

A 10-pound portable timer which will accurately measure the speed of any railroad car from the ground was developed. Its use will be principally to check speeds of cars in yard movements for claim prevention purposes.

Overflow and spillage of oil when fueling diesel locomotives is a serious problem. Although it is estimated that the loss is only one-half of 1 percent, it can be a substantial item for large users. Other factors, such as fire hazard and contamination of water supplies, indicate a need for a solution. Several devices now on the market provide for an automatic shutoff of the fuel supply when the locomotive tank is filled, thereby practically eliminating overflow and spillage. Some railroads have equipped all fuel stations with such devices.

An improved diesel engine which can be installed in existing locomotives is said to deliver 50 percent more ton-miles per operating dollar than older types, or, with the same ton-mileage, cut operating costs more than 33 percent. The locomotives have greater horsepower, are claimed to be 60 percent less costly to maintain, use less fuel, and are more flexible in operation. The cost of rebuilding locomotives with the new engine is said to be recoverable from savings in 1 to 3 years.

Fire caused by locomotives' sparks did not end with the passing of the steam locomotives. Diesels can eject dangerous sparks unless equipped with spark arresters. A device of this kind, now available, can be quickly installed in diesel locomotive exhaust manifolds during routine shop repairs.

One locomotive diesel engine manufacturer has marketed a nickel-alloy cast iron piston in place of the solid aluminum piston formerly used, and it is said to have a life of three to four times that of the latter.

A large locomotive builder announced the availability of new facilities for complete remanufacturing of crankshafts for diesel locomotives. By this process worn crankshafts can be rebuilt with strict quality control so that the manufacturer can offer a new product warranty.

Several railroads continued their investigations of air-cushioned propulsion—specifically a high-speed land vehicle of revolutionary design capable of challenging the airplane in carrying passengers between large cities. The wheelless device rides on a thin cushion of air a fraction of an inch above special rails. The air cushion elimi-

nates friction and therefore the need for lubrication. An eastern railroad asked a manufacturer to design an experimental system to operate between two large cities. Several other roads were reported to be discussing the principle with a manufacturer.

A widespread growth of multilevel rack-car rail service for shipping new automobiles was a significant development. Some observers predict that 25 percent of the automobiles built in 1961 will be shipped in this manner, and that nearly every railroad serving an automobile assembly plant will participate in the traffic. Most of the multilevel rack-cars can be made available for piggyback or other flatcar service by removal of the racks with a crane. Some cars have the racks as a permanent part of the car structure and can be used in no other service.

A new type of rack for carrying automobiles has the same capacity on two levels as older three-level types, within an overall height of 16 feet 6 inches. It should aid certain railroads, notably in the East, where restricted overhead clearances have barred the use of the usual trilevel rack cars, in increasing their payload per car.

A 119-foot automobile rack car built in West Germany has been exhibited in this country by an operator of a national piggyback car pool. The car, which is articulated in 2 places, carries 16 compact automobiles on 2 levels. More than 1,000 of these cars are in use in Europe.

A railroad in the South, with 55 tunnels on its main line, has mounted ice breaker frames on three pulpwood cars to break icicles forming on tunnel ceilings, in order to prevent damage to new automobiles riding on multilevel rack cars.

Despite the decades of study that have been given to the design of today's typical boxcar, 19 areas have been found recently where weight reductions totaling 5,500 pounds were possible, with the additional advantage of an improved car structure.

Sixty bulk-potato cars have been placed in service as a result of the successful operation of the car of this type mentioned in last year's report. In addition to the advantages of the automated loading and unloading features, these cars have a capacity of 65,000 pounds each, compared with a maximum of 50,000 pounds for cars loaded with potatoes in 100-pound bags.

One of the largest manufacturers of damage-prevention devices and automobile loaders for enclosed freight cars has offered a movable one-piece bulkhead as wide as the car interior. The bulkheads (two to a car) hang from beams at the ceiling and can be stored against the car wall, or moved and locked in place against the lading by one man. One advantage is the absence of removable parts which might be lost or stolen.

A southwestern railroad has equipped some of its flatcars with nailable steel flooring for handling gypsum wallboard in large packages, which are loaded and unloaded with forklift trucks. Although widely used in boxcars, it is unusual to equip flatcars with this type of floor.

A western railroad placed an order for 500 mechanical refrigerator cars lined with plastic panels. The lining, approved by the U.S. Department of Agriculture, Meat Inspection Division, is said not to retain odors, is easily steam cleaned, has increased refrigeration efficiency, and lasts four to six times longer than conventional lining.

An 85-ton hopper car was designed and 2,000 are being built by a railroad in the Pocahontas region in its own shops. It will handle 21 percent more tonnage than the conventional 70-ton car. The basic design is similar to that of the standard 70-ton car jointly adopted by three large coal railroads and approved as an AAR alternate standard.

A group of 35 railroads, including all major eastern lines, engaged an engineering consulting firm to study a radically new concept of freight train operation called the "integral freight train." Although it is usable only where a full trainload of a single bulk commodity can be moved from a loading point to a single destination, it is predicted that large savings can be made by its use. For example, such a train could carry coal from a mine to a large electric power plant. Briefly, it would consist of about 250 large-capacity hopper cars semipermanently coupled together, with a locomotive at each end and other locomotives distributed throughout the train, all controlled from the leading locomotive. The train would operate in either direction without turning, and would make no stops en route except to change crews.

Performance data reported for some of the aluminum freight cars mentioned at page 82 in the 73d Annual Report are impressive. By using 130 of the 111-ton capacity aluminum gondola cars, equipped with roller bearings, in a daily 106-mile captive movement in trainload lots between a coal mine and a new electric plant, having some features of the "integral train" mentioned above, the railroad reports that high utilization of these large and expensive cars (cost, \$21,000 each) produced revenue of \$18,000 per car per year, and that the 130 cars did the work of 650 conventional cars.

Several railroads have built large-capacity open-top hopper cars for handling wood chips. A further development in this field is a car on which the lower half of its side can be raised to facilitate the unloading of the chips by a trackside machine designed for the purpose.

The operator of the largest private car line fleet of freight cars, which is also an important carbuilder, developed a dry-flow covered hopper car for the chemical industry. The car is equipped for

pneumatic unloading, and is designed to handle certain dry bulk chemicals without contamination or moisture pickup during transit or unloading.

A new design of covered hopper car has been tested. The body resembles a large-diameter tank car. By eliminating the center sill, the lading is discharged through hoppers on the longitudinal centerline of the inverted pear-shaped tank. This center flow design, with centerline hatches on top, permits filling 97 percent of the cubic capacity, instead of 93 percent in the usual covered hopper car. Although it weighs only 43,000 pounds, the car can carry 104 tons. The low tare weight is the result of extensive use of aluminum and the fact that the tank carries the stresses usually carried by an underframe. Sixty of these cars are to be constructed for lease by a private car line for hauling alumina from Louisiana to a plant in West Virginia.

A covered hopper car with a body constructed entirely of a new nickel-less alloy of stainless steel was delivered to a western railroad. The car interior can easily be cleaned and can handle many food products and chemicals in succession without contamination. The material has a yield point twice that of conventional materials, resulting in a weight reduction of 16 percent as compared with cars of the same size built of ordinary carbon steel.

A southeastern railroad purchased 50 covered hopper cars for carrying foods in bulk. Car interiors are coated with an odorless, tasteless, and nontoxic enamel, approved by the United States Food and Drug Administration, to prevent contamination.

A large oil company leased a new 30,300-gallon tank car for handling liquefied petroleum gas and anhydrous ammonia. The company plans to purchase 50 cars of this type. By utilizing a tank of greater diameter, the car is 19 feet shorter than other cars with capacities nearly as great. An unusual feature of the car is its construction without any form of center sill or underframe between the trucks. The car structure between these points consists solely of the tank.

According to reports, 64 percent of the new freight cars ordered in 1960 were to be equipped with roller bearings, which is more than six times the proportion of new cars so equipped in 1957. As the number of such cars in the total fleet (still a small percentage) increases, the number of derailments and train delays caused by hotboxes should gradually decline. The hotbox has been the No. 1 cause of both derailments and freight train delays for many years. It is claimed that one make of roller bearing, which has been in use on 73,000 freight cars on 99 railroads, has had a record of only 1 setout due to overheating in more than 160 million car-miles.

A new AAR requirement specifies that journal lubricators must replace loose waste in any freight car that is due for periodic lubrication attention. This will mean the end of loose packing in journal boxes in all cars in interchange freight service within a reasonable time, and should have some effect in reducing accidents and delays caused by "hotboxes."

A portable device which detects hotboxes by means of infrared rays has been under test on three railroads. This hand-held device can detect hotboxes on trains moving at yard speeds.

A development of the trackside hotbox detector, mentioned in previous years and now used by many railroads, is the "talking" hotbox detector which has been installed on a southeastern railroad. By the use of prerecorded tapes, this device automatically selects and broadcasts the proper message in a human voice over the train radio in the locomotive cab and caboose of the train. It also cuts in on the dispatcher's telephone line. In addition, it lights a red light beside the track. The message states which end of an individual axle has the hotbox. The device is capable of reporting up to four hotboxes on the same train. Since speed of warnings to the traincrew is of utmost importance so they can stop the train before a wreck occurs, this "talking" detector has the advantage of being much faster than is possible in a system where human intermediaries are used, as in the detection systems generally in effect.

A plastic coating to protect journals when mounted wheels and axles are stored outdoors has been put on the market. The coating can be easily stripped off when the wheel sets are to be used, and is said to reduce journal cleaning costs 30 to 50 percent.

The AAR Mechanical Division has recently taken an important step to upgrade the national freight car fleet, although final consummation of the step is many years in the future. The action bans the use of cast iron wheels under all cars in interchange service by January 1, 1968. Cast iron wheels have been prohibited on all new or rebuilt cars since January 1, 1958, and on all 70-ton covered hopper cars in use in interchange since August 1, 1958.

A railroad in the Northeast was the first to put a high-pressure jet cleaning system into service to clean and upgrade boxcar interiors. A revolving jet detergent spray washes every surface inside the car, and is followed by a similar rinsing spray. The work is done normally in 5 minutes per car, on a specially canted track so that the liquids will drain out of one of the car doorways.

A brake cylinder release valve has been developed for easy attachment to the standard AB brake valve on freight cars. It permits draining of the brake cylinder without draining the reservoir when airbrakes are released for yard movement, and offers a potential saving

of 60 percent of the time required for bleeding and charging a 100-car train if all of the cars are equipped with the valve.

A nonmetallic brakeshoe produced by the joint research of an air-brake manufacturer and an insulating and friction materials manufacturer has been in use on 7,000 railroad cars and locomotives for more than 500 million miles of operation. The record shows that the shoes have three to five times the life of metal brakeshoes and that their use doubles wheel life.

The cost of weighing loaded freight cars has been estimated to be about \$500,000,000 annually. A method has been developed to weigh moving cars coupled in a train, making use of an analog-to-digital computer to dampen out scale vibrations and of a patented hump in the track approaching the scale to free binding couplers so as to prevent weight transference from adjacent cars. It is claimed that cars can be accurately weighed in less than one-twentieth of the conventional weighing time. In a test reweighing of 2,100 loaded cars, it was found that the bill of lading weights averaged 300 pounds under actual weights, resulting in a substantial undetected loss of revenue to the railroads if the condition is generally prevalent. Existing track scales can be adapted to the system.

The 90-percent occupancy rate of its four leased slumber-coaches led an eastern railroad to add to its fleet of such cars. The railroad contracted with a car builder to rebuild 10 of its pullman-type roomette cars into slumber-coaches. The five major railroads using these cars report year-around occupancy rates of 65 to more than 90 percent, with nearly 100-percent occupancy in the 3 summer months on some trains.

The first silicon AC-DC rectifier was being tested in the propulsion of a multiple-unit commuter car. The new rectifier is smaller and lighter than types now in use, and should be easier to maintain. It is expected to improve reliability and reduce expenses of a northeastern railroad serving the New York suburban area.

A western railroad acquired 15 new air-blast maintenance car cleaners to draw dirt, debris, and dust from passenger cars and diesel locomotives. It consists of twin exhaust fans mounted on a movable cart which can be placed and sealed against a car or locomotive doorway. The fans produce an air velocity of 30 miles per hour inside the car or locomotive. A worker with a high-pressure airhose stirs up dirt imbedded in upholstery or trapped behind floor heating grills, in corners, or in other out-of-way places.

#### *General Conditions Affecting Service*

Early in September 1960 hurricane "Donna" caused considerable damage along the Atlantic seaboard. In the Norfolk area railroads

experienced communications breakdowns, washouts, and debris-covered tracks. Flooding and high tides caused cancellation of railroad service, including floating operations in the New York harbor area.

The record-breaking snows and ice storms that swept eastern parts of the country during the winter of 1960-61 also dealt severe blows to the railroads, both in out-of-pocket costs and lost traffic.

The strike of the Union Railroad Company, a U.S. Steel Corporation subsidiary, by 1,200 members of the United Steel Workers of America on August 18, 1960, halted steel production at five major mills of U.S. Steel in the Pittsburgh area, causing the layoff of thousands of steel workers. Settlement of the 21-day strike was reached on September 9, 1960. However, the Brotherhood of Railroad Trainmen's strike over the Labor Day weekend against the Union Railroad and four other U.S. Steel-owned connecting rail lines in the Pittsburgh and Cleveland districts continued until September 16, 1960.

As result of a strike of 20,000 maintenance and shop workers against the Pennsylvania Railroad on August 31, 1960, stemming from a job security dispute, about 118 million ton-miles of freight a day were lost. The work stoppage marked the first complete shutdown of Pennsylvania operations in its 114-year history. The strike was settled on September 12, 1960. Taylor's I.C.C. Order No. 123 was issued August 30, 1960, to permit rerouting of traffic affected by this work stoppage.

On September 1, 1960, the Grand Trunk Western Railroad experienced a strike by the Brotherhood of Railroad Trainmen resulting from a work rules dispute. The strike was settled on September 9. Taylor's Order No. 124 was issued to relieve traffic conditions and facilitate the movement of traffic.

Members of the Brotherhood of Railroad Trainmen went on strike against the South Buffalo Railway Company on September 29, 1960. This work stoppage completely shut down operations at the Bethlehem Steel plant in Buffalo, N.Y., and curtailed operations at several other industries served by the road. The strike ended October 6, 1960.

A strike by approximately 600 marine workers against 11 railroads operating in New York Harbor on January 10, 1961, affected 2,000 other railroad marine department employees and 1,500 other railroad men. The Marine Workers' Union sought higher wages, fringe benefits, and better working conditions. The strike closed the perishable food piers; and supplies of coal to power companies, schools, hospitals, apartment houses, and other industrial and commercial buildings were shut off. More than 30,000 New Jersey commuters were forced to use substitute transportation to Manhattan.

An embargo on rail freight for Manhattan, Brooklyn, and the Bronx cut off delivery of food, fuel oil, and other commodities. Taylor's Order No. 127 authorized railroads serving the New York harbor area to divert or reroute such traffic over any available route to expedite the movement. Considerable traffic was rerouted under this order. Nevertheless, the effects of the strike were felt as far west as Cleveland, where picketing of New York Central Railroad facilities by tug and ferryboat workers took place before settlement was reached on January 23, 1961. Effective the same date existing embargoes were canceled and Taylor's Order 127 was vacated.

A work stoppage of the employees of the Rutland Railway Corporation necessitated issuance of Taylor's Order No. 125 on September 15, 1960. Although little through traffic was affected by this work stoppage, this order did afford service to many industries which were dependent upon the carrier for service.

Heavy grain movements through the ports of New Orleans and Mobile, as well as a heavy soybean movement to Marion, Ohio, prompted the Commission to direct the issuance of two embargoes as authorized under the provisions of Service Order No. 935. The embargoes alleviated congestion and assisted in control of the movement at the points affected.

Traffic was affected by other impediments including flooding, wash-outs, inclement weather, and work stoppages; but the carriers accomplished the necessary rerouting with a minimum delay, and the issuance of Taylor's orders was not necessary.

Increasing traffic on the St. Lawrence Seaway continued to affect rail transport in the Great Lakes area, causing diversion of functional traffic patterns from Atlantic and Pacific coast ports, as well as Gulf ports.

#### *Car Supply and Car Service Activities*

Serviceable freight car ownership continued its downward trend, but no serious car shortages developed. In order to assure an adequate supply of equipment, Safety and Service Agents of the Section of Car Service, Bureau of Safety and Service, made preliminary surveys well in advance of the movement of seasonal commodities to determine the needs of shippers, the availability of storage, and the adequacy of the carriers' facilities. In addition, the agents were kept constantly on the alert to promote efficiency in car handling both by industry and the carriers.

During the harvesting of the winter wheat, agents were located at the principal loading points and terminals to aid in the crop movement. The prompt placing of cars for loading, the pulling and disposition of loaded cars, and the prompt placement of cars at unloading points, were carefully policed. Efforts of the field force to get the

cooperation of all concerned held complaints to a minimum and effected a better utilization of the available freight car equipment.

While numerically the ownership of freight cars has decreased, the shipper demand for special equipment resulted in an increase in ownership of specially equipped boxcars, covered hoppers and heavy-duty flatcars for trailer-on-flatcar service (commonly known as "piggyback") and bilevel and trilevel rack cars for new automobile movement.

Accompanying an increased use of palletization and automation in loading techniques, specially designed heavy boxcars were being built to accommodate the use of mechanical loading equipment. The supply of ordinary boxcars is consistently decreasing wherever the number of boxcars of special design is increasing.

Utilization of the covered hopper for a greater number of commodities increased, and the demand exceeded the supply. First developed in the 1920's to carry cement, the covered hopper now is used to transport more than 100 different commodities. They have been specially equipped with pneumatic discharge gates, special linings, and waterproof seals to handle bulk flour, sugar, grains, and other bulk commodities for human consumption which must be protected from contamination. Such cars have faster turnaround and therefore better utilization, with freight loss and damage negligible.

The supply of refrigerator cars was generally adequate. Demands for express refrigerator cars for loading berries, deciduous fruits, and fresh vegetables in California and Arizona began early in May. Action by agents in the heavy refrigerator car unloading areas at Chicago, New York, Philadelphia, and Baltimore prevented serious shortages and aided materially in expediting the handling of cars back to the loading areas.

Congressional complaints, mainly from Kansas and Oklahoma, were received during the latter part of the fiscal year on the shortage of class A boxcars for grain. Investigation showed that the agents at strategic distribution points were insuring an equitable apportionment of equipment at loading points.

Policing of carriers' operations also contributed to the prevention of serious shortages. The agents inspected carriers' operations at 10,592 railroad yards and agencies, and submitted 16,152 reports of their findings. They also interviewed 23,566 railroad officials and 2,912 industrial officials.

In addition, these agents investigated the carriers' compliance with the regulations governing transportation of explosives and other dangerous articles. The investigations included adherence to the regulations by employees of carriers and shippers. Of the 1,870 reports on their investigations, a large number was referred to the

Bureau of Inquiry and Compliance, and many led to formal enforcement proceedings. These agents also examined carriers' records and helped to insure correct application of the demurrage rules and regulations by carriers and to prevent discriminatory practices against shippers.

The Section of Car Service also investigated railroad scheduling of passenger trains, sanitation, and overcrowding of passenger equipment in certain instances on request. In many of these cases, corrective action was obtained by bringing the findings of these investigations to the attention of carrier officials.

In anticipation of the coal miners' holiday, June 24 to July 9, provision was made in the governing tariff to permit loading at mines 2 weeks prior to the holiday, and to have such cars billed during the 2-week holiday. Extensive checks by our agents disclosed many violations of this provision, but they were handled with the carriers so as to protect the applicable charges.

A routine facet of investigation in coal-mining areas includes policing of the "no-bill" rule, which is a controlling factor in the distribution of cars to coal mines located on carriers' lines or dependent upon such carriers for cars.

Many violations of the rule were found, and most were handled with carrier officials.

Cases submitted to the Bureau of Inquiry and Compliance for possible prosecution involved improper application of demurrage rules, acts of discrimination, misdescription of commodities, violation of credit regulations, violation of switching tariffs, storage tariffs, and freight classifications, and performance of transportation service by a carrier without published authority.

A number of investigations of alleged racial discrimination in passenger service were also made by these agents. The Bureau of Inquiry and Compliance also requested them to investigate various other irregularities.

Because of stepped-up activity in the Commission's executive reservists program, many employees of the Section of Car Service, both in the field and in Washington, were called on to assist in this work.

Many of them participated in the OCDM "alert" exercises held in June 1960.

#### *Car-Service Orders*

A number of service orders authorized joint use of terminals and trackage following cessation of service as a result of complete or partial abandonment by certain railroads. Others permitted rerouting of traffic because of unfavorable weather conditions or work stoppages.

At the beginning of the year, 5th Revised Service Order No. 95 was still in effect. By Amendment No. 10 thereto an official of the Association of American Railroads was reappointed as Refrigerator Car Agent of the Commission for a further period of 1 year effective June 30, 1961.

Revised Service Order No. 562 was also in effect. This order, appointing the Director of the Bureau of Safety and Service of the Commission as Rerouting Agent, was extended until May 31, 1962. Under this authority 13 rerouting orders and 20 amendments were issued as a result of snowstorms, floods, work stoppages, fires, et cetera.

Service Orders Nos. 928, 929, and 930, which authorized joint use of certain trackage of the Chicago, Aurora and Elgin Railway Company by the Indiana Harbor Belt Railroad Company, the Chicago, Burlington & Quincy Railroad Company, and the Chicago, Milwaukee, St. Paul and Pacific Railroad Company, respectively, were amended by Amendment No. 4 to each order to extend the expiration date to December 31, 1961.

Service Order No. 934, which authorized the Chicago and North Western Railway Company to operate over certain trackage of the Chicago, Burlington & Quincy Railroad Company, was amended by Amendment No. 2, which extended the expiration date to December 31, 1961.

Service Order No. 935 appointed the Director of the Bureau of Safety and Service as Embargo Agent and vested him with authority to direct the placement of railroad embargoes at points where freight cars might be unduly delayed due to accumulations, congestion, or emergency situations. This order was issued July 15, 1960, and carries an expiration date of December 31, 1961.

Service Order No. 936, which authorized the Texas and New Orleans Railroad Company to operate over certain trackage of the Nueces County Navigation District No. 1 was issued November 15, 1960, and expired March 31, 1961.

By authority of Safety and Service Board No. 1, which was created effective February 1, 1961, one service order and four amendments were issued.

#### *Car Ownership and Condition of Cars*

*General.*—Class I freight car ownership continued to decline during the year, and as of June 30, 1961, was the lowest reported since 1940.

The Commission again presented testimony before congressional committees expressing concern over the decline in the freight car fleet and recommended corrective legislation.

Ownership of freight-carrying cars in the United States as of June 30, 1960, and June 30, 1961, follows:

|                                                                              | 1960        | 1961        |
|------------------------------------------------------------------------------|-------------|-------------|
| Class I railroad ownership.....                                              | 1, 673, 827 | 1, 637, 703 |
| Class I railroad controlled refrigerator cars.....                           | 69, 415     | 64, 313     |
| Private car owners (exclusive of railroad controlled refrigerator cars)..... | 234, 912    | 257, 194    |
| Class II and all switching and terminal railroads.....                       | 31, 730     | 32, 104     |
| Electric railroads.....                                                      | 1, 838      | 1, 657      |
| Grand total, freight-carrying cars in United States.....                     | 2, 011, 722 | 1, 992, 971 |

During the year, class I railroads and their controlled refrigerator lines installed 39,448 new freight cars. During the same period 80,674 cars were retired.

Orders were placed for 28,571 new freight cars of all types as compared with 43,388 during the previous year. On June 30, 1961, there were 11,821 new cars on order and undelivered, compared with 29,555 on the same date in 1960.

Unserviceable freight cars averaged 9.3 percent of total ownership of the class I railroads for their highest percentage in two decades. The previous high since 1940 was the average of 8.4 percent in the year ended June 30, 1959, but last year's report showed some improvement to an average of 7.9 percent. The 9.3 percent average, 154,446 cars, represents an increase of 21,170 in the yearly average of unserviceable cars over the previous year.

Serviceable freight car ownership of class I line-haul railroads and their controlled refrigerator lines was 1,547,049 on June 30, 1961, compared with 1,602,605 on June 30, 1960. Serviceable class I railroad ownership declined to a low of 1,479,100 cars on June 1, 1961, the lowest serviceable freight car ownership since 1938.

Compared with the year ended June 30, 1960, total car ownership of class I line-haul railroads and their controlled refrigerator lines declined 41,226 cars and their serviceable ownership declined 55,556 cars.

Unserviceable equipment continued to be concentrated in six Eastern and Allegheny district carriers, which have a combined ownership of about one-fourth of the total class I railroad ownership. The percentage of unserviceable cars increased to 17.8 percent of their total ownership at the end of the year, while their total ownership had declined by 23,930 cars. During the year these 6 carriers installed 6,331 new cars, but retired 30,578 cars. Unserviceable cars averaged 75,498 or 17.6 percent of total ownership of these 6 carriers. This was 48.9 percent of all unserviceable cars on United States lines. Of the total retirements, 41.5 percent were owned by these six carriers.

*Boxcars.*—On June 30, 1961, class I railroads owned 678,970 boxcars, a decrease of 20,014 in boxcar ownership, compared with the same date in 1960.

The decrease in the ownership of plain boxcars caused great concern. Ownership of such cars decreased 19,266 cars, while equipped boxcar ownership increased 2,471 cars. Most of the equipped boxcars are in assigned service and are returned empty, decreasing the number of boxcars available for general service. The highest boxcar ownership in recent years was on February 1, 1958, when 685,869 plain boxcars and 50,942 equipped boxcars were owned. Compared with the June 30, 1961, ownership, there is a loss of 59,858 plain boxcars and an increase of 2,017 equipped boxcars. Class I railroads installed 11,742 new boxcars, but retired 31,756 during the year. The carriers ordered 8,063 new boxcars compared with 12,720 during the previous year. On June 30, 1961, there were 2,835 boxcars on order and undelivered, compared with 9,434 on June 30, 1960.

There were 59,806 unserviceable boxcars reported on June 30, 1961, or 8.8 percent of the total owned, compared with 53,388 or 7.6 percent of ownership on the same date in 1960 and 52,662 or 7.4 percent of ownership on the same date in 1959. During the year, unserviceable boxcar ownership averaged 8.4 percent of ownership compared with an average of 7.5 percent of ownership in 1960.

Shortages in damage-free, insulated, high-grade boxcars, as well as all double-door cars, prevailed during the entire year, but there was an adequate supply of lower grade boxcars.

Serviceable boxcar ownership was 619,164 cars on June 30, 1961, the lowest ever reported, and 26,432 cars less than on the same date of 1960. The loss in serviceable plain boxcar ownership during the year was more pronounced because of an average unserviceable ownership of 8.5 percent. Serviceable plain boxcar ownership decreased 23,404 cars. The average serviceable ownership of equipped boxcars increased 1,655 cars, and the average unserviceable equipped boxcar ownership was 7.5 percent.

*Refrigerator cars.*—Between July 1, 1960, and June 30, 1961, the railroads and railroad-controlled carline companies installed 4,394 new refrigerator cars and retired 642. Ownership was reported to be 90,936 on June 30, 1960, compared with 91,053 on June 30, 1961. Refrigerator cars on order as of June 30, 1961, totaled 1,602 compared with 3,794 the previous year. Unserviceable refrigerator cars amounted to 5,479 or 6.0 percent of ownership, compared with 4,290 unserviceable refrigerator cars and 4.7 percent of ownership on the same date last year.

Shipper demands for the mechanical RP and RPM types of refrigerator cars continued to increase for the loading of commodities

such as frozen foods (including fruits, berries, vegetables, meats, prepared foods, and citrus concentrates). The increased use of mechanical type cars has taken some of the load off the RS type heavily insulated cars. Beginning with only 4 practical mechanical cars in service in 1946, the ownership increased to 5,288 in April 1961, with 869 additional mechanical refrigerator cars on order, reflecting the carlines' efforts to meet trade demands.

*Covered hopper cars.*—Class I ownership of covered hopper cars was 64,995 on June 30, 1961, an increase of 2,062 cars compared with the same date in 1960. While covered hopper cars were first put into service in the 1920's, covered hopper ownership was included in "coal, coke and ore" ownership until 1946. At that time there were 12,525 covered hoppers owned and leased by class I railroads. Because of their value in handling bulk commodities which require protection against moisture and contamination, ownership has increased to nearly 65 thousand units. Average ownership of covered hopper cars during fiscal year 1961 was 64,157, an increase of 2,608 cars over the same period in 1960. With 2.5 percent of ownership unserviceable, compared with 2.4 percent in 1960, serviceable ownership of covered hopper cars averaged 62,525 in 1961, an increase of 2,429 over 1960. With an average daily surplus of 937 cars and an average daily shortage of 45 cars during the year, there were 9 weeks when no shortages were reported. Present covered hopper car ownership falls somewhat short of meeting requirements. Class I railways installed 2,042 new covered hopper cars, with no retirements, compared with 3,062 new cars installed and 141 cars retired during the last fiscal year. Orders were placed for 2,251 new covered hopper cars, and 575 remained to be delivered on June 30, 1961.

*Hopper cars.*—As of June 30, 1961, class I ownership of hopper cars (other than covered hoppers) was 476,769, a decrease of 13,752 cars during the year. Decreases in class I hopper car ownership have been continuous since April 1, 1958, at which time a high of 527,898 cars was reported. Orders were placed for 6,286 new cars, compared with orders for 9,082 new cars for the previous year. On June 30, 1961, there were 2,560 cars on order and undelivered. Unserviceable hopper cars averaged 10.6 percent of ownership compared with 8.7 percent of ownership during the previous year and 10.3 percent of ownership during the year ended June 30, 1959.

The number of unserviceable hopper cars increased during the year, reaching 11.7 percent of ownership on March 1, 1961, although a decline in the number of such cars to 9.7 percent of ownership was reported on June 30, 1961.

The carriers installed 14,427 new hopper cars, but 28,179 cars were retired.

Serviceable hopper car ownership was reported to be 430,421 cars on June 30, 1961. Serviceable hopper cars averaged 432,741 cars, a decrease of 17,990 cars compared with the previous year's average. Serviceable hopper car ownership was below any such ownership since a separation in reporting open-top equipment in 1943. Hopper car surpluses were recorded during most of the year with minor shortages reported. No serious hopper car shortages developed except during October 1960 and in June 1961, when daily shortages as high as 800 were reported.

*Gondola cars.*—Class I ownership of gondola cars was 261,827 on June 30, 1961. Gondola car retirements exceeded installations, and at the close of the fiscal year a net loss of 9,049 cars was recorded. The number of unserviceable gondola cars continued high during the entire year, and on June 30, 1961, 34,431 were reported unserviceable, or 13.2 percent of the total ownership. Unserviceable gondola cars averaged 13.0 percent of total ownership compared with a yearly average of 10.3 percent in fiscal 1960, and 11.2 percent in 1959.

Serviceable gondola car ownership averaged 231,361 cars, a decline of 13,397 cars below 1960, 16,660 cars below 1959, and 26,020 cars below 1958. Serviceable gondola ownership on June 30, 1961, was reported to be 227,396 cars, the lowest recorded since a separation in reporting open-top equipment was made in 1943.

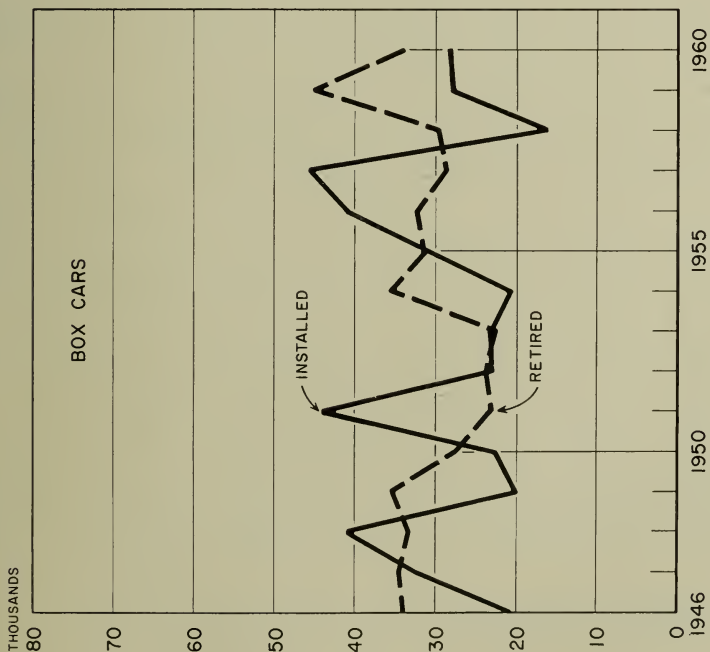
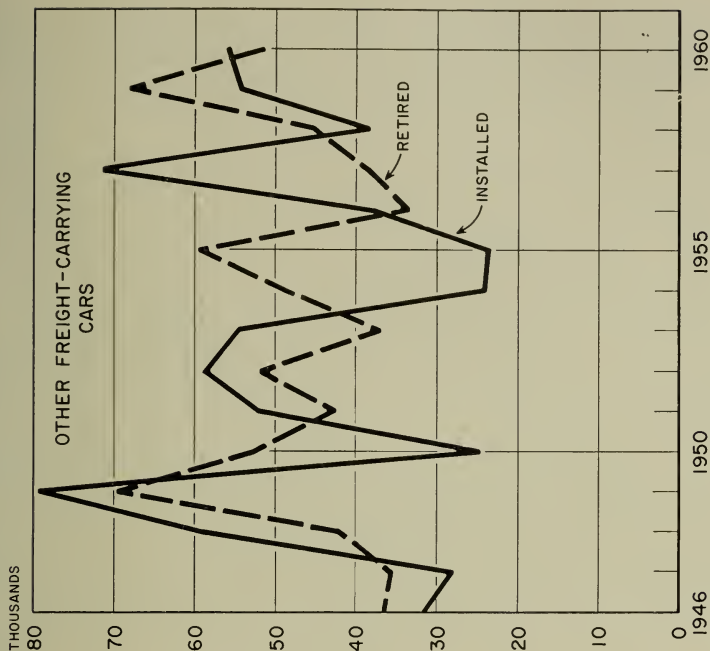
Orders were placed for 2,141 new gondola cars, compared with 5,581 in 1960. On June 30, 1961, there were 1,956 such cars on order and undelivered. No net shortages were reported nationally, although surplus cars were practically exhausted and small shortages appeared at the end of the fiscal year, principally in the Eastern-Allegheny and Southern districts. The demand for covered gondola cars was high throughout the year.

*Flatcars.*—Class I ownership of flatcars was 53,858 on June 30, 1961, an increase of 2,051 cars compared with the same date in 1960. Flatcar ownership has been stable for several years, with little change in ownership. Unserviceable flatcars held for repair averaged 6.4 percent of total flatcar ownership, compared with an average of 5.2 percent in the previous year. Orders for 4,068 new flatcars were placed, compared with 5,071 during the fiscal year 1960.

Supply was generally adequate but some difficulties were encountered in meeting requirements for special-type and heavy-capacity cars for loading at farm implement plants and increases in requirements for "piggyback" loading.

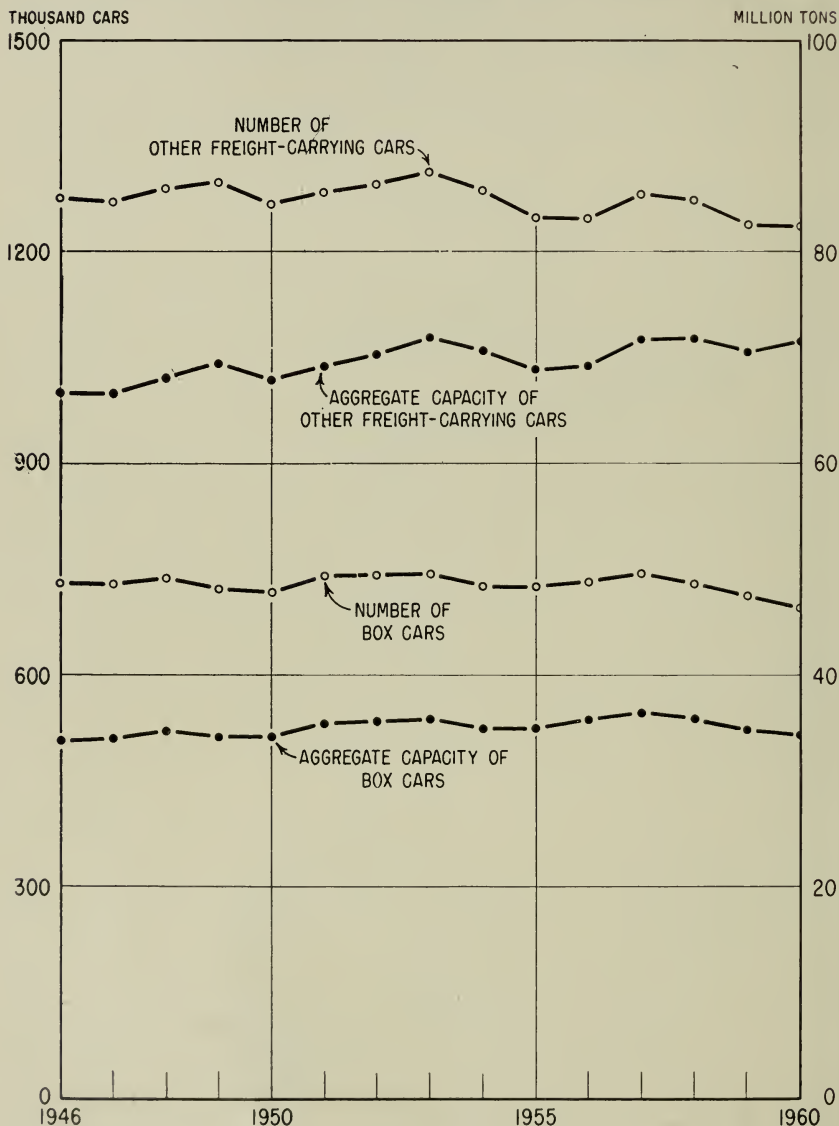
The accompanying charts show installations and retirements of boxcars and other freight cars and their number and aggregate capacity for the calendar years 1946 to 1960.

# INSTALLATIONS AND RETIREMENTS OF BOX CARS AND OTHER FREIGHT-CARRYING CARS, CLASS I LINE-HAUL RAILROADS, 1946-1960



Source: I.C.C., Bureau of Transport Economics and Statistics,  
*Transport Statistics in the United States.*

# NUMBER AND AGGREGATE CAPACITY OF BOX CARS AND OTHER FREIGHT-CARRYING CARS, CLASS I LINE-HAUL RAILROADS PLUS PRIVATE CAR LINES, ON OR ABOUT DEC. 31, 1946-1960



Source: I.C.C., Bureau of Transport Economics and Statistics,  
Transport Statistics in the United States

*Utilization of Freight Car Equipment*

Utilization of freight car equipment continued at a high level during the calendar year 1960. Loadings averaged 44.38 tons per carload originated, compared with 43.52 tons in 1959, for the highest average recorded.

Total tons originated in 1960 were 0.8 percent above the previous year, while carloads originated decreased 1.2 percent, reflecting better car utilization.

Increases in average tons per carload originated were reported for all commodity classifications and are the highest ever reported for all commodity classifications except forwarder traffic.

Products of agriculture were loaded at an average of 40.06 tons per car compared with 39.27 in 1959 and 38.89 in 1958. Carloads of freight originated in this commodity group increased 1.3 percent and tons originated increased 3.3 percent compared with 1959.

Animals and products averaged 16.12 tons per carload originated compared with 15.70 tons per car in 1959 and 15.25 in 1958. Carloads of originated animals and products declined 7.8 percent, and tons originated decreased 5.3 percent compared with 1959, continuing the pattern of decline in carloads and tons originated in this commodity group since World War II.

Products of mines were loaded at an average of 61.63 tons per car, 0.96 tons per car higher than the 1959 record of 60.67 tons per car. This new record for heavy loading reflects foresight on the part of railroad management in making available cars of greater capacity and offering incentive volume rates. An increase of 1.0 percent was recorded in carloads and of 2.6 percent in tons originated, compared with 1959.

Products of forests averaged 39.33 tons per carload originated compared with 38.24 tons per car in 1959. Carloads originated decreased 4.2 percent and tons originated 1.5 percent compared with 1959.

Manufactures and miscellaneous commodities averaged 32.64 tons per carload originated, an increase of 0.07 tons per car compared with the 1959 average. Carloads originated decreased 3.1 percent and tons originated 2.9 percent compared with 1959.

Freight forwarder traffic averaged 11.01 tons per carload originated compared with 10.53 tons per car in 1959. Carloads originated decreased 3.9 percent, while tons originated increased 0.5 percent compared with 1959.

Net ton-miles per train-mile in 1960 were 1,466 compared with 1,443 in 1959 and 1,430 in 1958, and net ton-miles per loaded car-mile were 34.0 compared with 33.3 in 1959 and 33.0 in 1958.

Turnaround time on freight cars averaged 19.16 days compared with 19.00 days in 1959.

### MOTOR CARRIERS

Compliance records of applicants for motor carrier rights are reviewed by the field staff of the Bureau of Motor Carriers to evaluate and report upon the fitness of applicants. Such applications are discussed in the chapters, "Operating Authorities" and "Promotion of Safety." The field staff also conducted general investigations and reported upon 3,803 temporary authority applications, an increase of 259 over last year. It received 14,978 informal complaints from shippers, motor carriers, passengers, and others, down 1,482 from last year, and disposed of 9,868 of them by telephone and letter. Investigations were made of 5,160 complaints, including some pending from the previous year, and 3,933 were concluded by administrative handling. In the remainder, or 1,227 cases, which was 230 more than last year, more detailed investigations were made with the object of instituting court or Commission proceedings. The increase in the number of these cases is due to a change in the general field activity during the year which focused more attention upon unlawful transportation. To ascertain compliance with the act and regulations 2,560 general and rate compliance surveys and 6,479 safety compliance surveys were made. When necessary, corrective action was taken.

#### *Motor Carriers of Property*

Motor carriers continued their efforts to achieve operating economies and to improve service. Many major operational problems were solved through the construction of new terminals, installation of modern equipment in existing facilities, and widespread use of electronic equipment.

Many carriers have installed microwave transmitter-receivers which make possible high speed data facsimile, voice, and teleprint transmission to reduce costs and improve services.

The use of closed circuit TV systems in terminal operations has been expanded on a limited scale, and the use of radio, once confined mainly to the pickup and delivery operations, has been expanded to embrace some over-the-road operations in heavily populated areas.

In addition to the States reported last year as permitting tractors, semitrailers, and full trailer combinations on turnpikes, Indiana and Ohio also authorized operation of three-vehicle combinations. Tandem trailer combinations 98 feet in length and weighing 127,000 pounds are being operated over the Indiana and Ohio turnpikes. The units are powered by the new 12-cylinder nonturbocharged 380-

horsepower diesel engines and are said to average 45 miles per hour or more over the 397-mile run.

A lightweight gas turbine engine featuring rapid acceleration and engine braking characteristics has been offered by a manufacturer on a limited basis to fleet operators for experimental purposes.

A four-cycle six-cylinder turbocharged and after-cooled diesel engine for highway use was placed on the market.

Electric retarders claimed to be capable of holding a 14-ton truck at 22 miles per hour on a 9-percent downgrade became available.

Trailers with telescoping platforms provide double-duty for carriers of both general purpose and extra length material. The platform is adjustable from 35 feet closed to 55 feet fully extended position.

New in the trailer field is a detachable 40-foot trailer which can be separated into two smaller units in less than 10 minutes by one man.

More than a dozen commercial manufacturers of air buses and trucks are engaged in research to determine whether or not wheels can be replaced by air. One version of the air truck is designed to have enough lift for 7,500 pounds' payload. This vehicle is intended to traverse 6 to 12 inches above land, swamp, or water.

An improved method of temperature control has been devised. The temperature of perishable cargo can be maintained at 0 degrees or lower and temperatures inside refrigerated vehicles can be reduced from above 80° to well below zero in less than 5 minutes.

Carriers and shippers using collapsible tank or containers for dry, liquid, or bulk products may now use disposable liners for such containers.

A power pusher conveyor for unloading trucks and semitrailers was offered to fleet owners for installation in motor vehicles. The "pusher" is actually a bar across the back of the truck or trailer in the loaded position. It is powered by a motor and pushes the entire palletized load onto a loading dock at a predetermined rate. A conveyor on the dock, the same width and length as the conveyor on the floor of the vehicle, completes the unloading process.

A single, wide truck tire as a substitute for dual tires and capable of supporting equivalent loads was developed. Advantages of the single tire over the dual tires are improved vehicle stability, greater carrying capacity, and elimination of fire hazards resulting from driving on dual tires when one is flat.

A major trailer manufacturer recently completed an 85-foot, 40-wheeled trailer with a carrying capacity in excess of 110 tons. It is reported to be the largest highway trailer yet built. The trailer body may be hydraulically raised to clear road contours and lowered for passing through tunnels. Because of its size, separate operators

man front and rear tractors. Two more crewmen steer above the front and rear wheels. Telephone communication is used to keep the operators in touch with each other.

Metal brake linings for trucks became available. They eliminate heat, water and high-speed fade, and brake squeal, require less pedal pressure, and give quicker stops and longer wear, with fewer adjustments. Linings are bonded to new brakeshoes upon installation.

A straddle trailer was offered as a new concept in material transporting and handling equipment. One operator can pick up, deliver, and unload 40,000-pound payloads without leaving the cab, thus saving manpower, time, and equipment. The unit "straddles" the load and picks it up, eliminating loading and unloading at each end of the haul.

A new concept in highway safety is termed "instant safety." The "instant safety" device, electronically operated, ejects several lighted flares onto the roadway. The flares are released to signal danger to other traffic when a flat tire, mechanical breakdown, accident or road obstruction warrants its use. A pushbutton on the dashboard controls ejection of the flares.

#### *Motor Carriers of Passengers*

Regular-route travel on buses of class I intercity motor carriers of passengers, in terms of passenger miles, was slightly higher in 1960 than in 1959, but continuing losses in short-haul travel again resulted in a decrease in the number of passengers carried. At the same time, there were somewhat greater increases in charter and special-service travel and volume of package express transported. Such increases, together with higher passenger fares and package-express rates in some areas, resulted in an increase of about 4 percent in overall operating revenues for 1960. The passenger count on local and suburban carriers subject to ICC jurisdiction remained relatively unchanged between 1959 and 1960.

Bus-miles operated by class I intercity carriers in 1960 totaled 3.0 percent more than in 1959 while local and suburban carriers increased mileage by 3.7 percent. Overall operating expenses were 5.2 percent higher among the intercity companies and 6.2 percent higher in the local-and-suburban group. As a result, the percent of revenues for expenses in the intercity group went from 86.5 in 1959 to 87.4 in 1960 while local and suburban carriers reported operating ratios averaging 96.3 during each of these years.

Despite comparatively large increases during recent years in revenues from charter, special service, and nonpassenger services (about 9 percent in both cases for intercity carriers between 1959 and

1960), regular-route operations continue to provide the major part of the revenues of the class I carriers (82 percent during 1960 in the intercity group and 83 percent among those primarily in local or suburban service).

Increases in expenses of bus operation between 1959 and 1960 occurred with relative uniformity in the various cost categories. Preliminary tabulations of data for class I intercity carriers show wage-and-salary costs up between 5 and 6 percent. Total costs for materials, supplies, insurance, and other nonlabor expenses in the operation-and-maintenance group rose at about the same rate. Operating taxes and license fees reported by these carriers in 1960 were slightly more than 7 percent higher than in 1959 as a result of the Federal fuel-tax rate increase effective October 1, 1959, and higher State and local levies.

Carriers continued to develop more expeditious, comfortable, and convenient service by making maximum use of new and improved highways and equipment. The Greyhound Corporation is already engaged in a program involving virtually a complete rebuilding of its deck-and-a-half Scenicruisers and it, as well as many other carriers, put several hundred new V-8 powered single-level coaches into service.

Revenues from regular-route service on many lines, however, still fall short of meeting operating expenses which continued to rise steadily. Recent increases in highway-use taxes at all levels of Government present serious problems, and the 10-percent travel tax continues to act as a deterrent to patronage. Essential regular service to many communities has been maintained only by means of offsetting losses with revenues from charter operations and the transportation of package express, services which the carriers are promoting vigorously.

Analysis of the 1,000 class II and class III motor passenger carrier reports for 1959 indicates that about 550 of them were engaged primarily in operating buses in intercity operations, either on regular routes or in charter or special service. Another 250 carriers reported operations primarily in local or suburban service (regular-route or of charter or special-service types). More than 100 companies provided service with sedans, limousines, or other vehicles of low passenger-carrying capacities. Approximately 40 were engaged predominately in providing schoolbus transportation, and a few carried limited numbers of passengers in vehicles primarily devoted to mail transportation or other purposes. More than 40 reports indicated no actual operations during the year.

Operating characteristics of class II and class III carriers differ in a number of respects from the larger (class I) carriers. More than a third of the overall operating revenues of the smaller carriers in intercity service came from charter or special service in 1959 as compared with 7½ percent among the class I intercity carriers. Revenues averaged 35.0 cents per bus-mile for these class II and class III carriers, or about two-thirds the corresponding average of 54.0 cents for class I carriers.

Expenses of the smaller carriers consumed 96.5 percent of their revenues while expense-revenue ratios for the class I carriers averaged 86.5 percent. Passengers using regular-route intercity service of the class II and class III carriers paid fares averaging about 3 cents per passenger-mile on trips averaging somewhat more than 22 miles in length. Class I carriers, by comparison, received fares averaging 2.59 cents from passengers traveling an average of 77 miles. The average passenger load on buses of the smaller carriers in regular-route intercity service was 8.7 persons, less than half the average of 18.6 on such buses of the class I carriers.

#### WATER CARRIERS

The water carriers' tonnage of revenue freight increased in the calendar year 1960 over 1959, but total freight revenues were less. There was a decline in the number of passengers carried and revenues received by carriers in all territories, except those on the Mississippi River and its tributaries which are primarily excursion type operations.

During the winter, ice conditions on the Illinois waterway, the Ohio River, and the Mississippi River were worse than usual, greatly increasing transit time, and causing more than average damage to water carrier equipment and facilities. The situation on the Illinois waterway was further aggravated by low water.

The rate of new waterside plant construction along the inland waterways during the first 6 months of 1961 was almost double that of the same period in 1960.

Navigation on the Tennessee River was closed at Wheeler Dam early in June due to the collapse of a lock wall. A new lock was under construction at that point. Normal operations are expected to be restored in 9 to 18 months. A number of towboats and barges were stranded above Wheeler Dam, including the special-purpose barge *Palaemon*, which was to have transported Saturn booster rockets and space vehicle parts from Redstone Arsenal at Huntsville, Ala., to Cape Canaveral, Fla. Plans were made, however, to carry the booster to Wheeler Dam on the *Palaemon*, then overland around the

dam to a dock below, where it will be reloaded on another specially prepared barge to continue the movement to Cape Canaveral.

Some of the carriers on the Tennessee River were particularly hard hit, either because equipment was stranded above the dam, or because their operations were confined primarily to that river. However, facilities have been provided for transferring cargoes over or around the dam by elevators, conveyors, pipelines, and motor vehicles. About 3 million tons of freight are shipped annually on the river. Grain, gasoline, oil, and asphalt are the principal commodities. A large paper manufacturing company with a plant at Calhoun, Tenn., is a major shipper of nonbulk commodities, such as pulpwood and newsprint.

A number of the larger tug and barge operators, particularly on the Mississippi River system, invested substantial sums of money in new barges and more powerful towing vessels.

One of the steamship operators in the intercoastal trade suspended service after having been engaged in that trade for more than a century and placed its ships into service in the offshore trade. Other carriers feel that intercoastal shipping can be revived by modern, fast containerships. Progress in developing plans for containership operation has depended largely upon the availability of ship mortgage insurance. Immediately upon suspension of service by the carrier mentioned above, another steamship operator in the Atlantic-Gulf coastwise trade and previously in intercoastal service, resumed intercoastal operations with conventional break-bulk type ships. The carrier plans to replace these vessels with containerships as soon as they are available.

One of the proprietary lines in intercoastal trade planned to rebuild its entire fleet of eight vessels by using foreign-built midsections. Public Law 86-583, however, bars from coastwise and intercoastal trades all vessels built with foreign-fabricated component parts. Therefore, the carrier is modernizing six of its vessels in a United States shipyard.

A carrier formerly in the Pacific coastwise trade planned to resume twice-weekly service between Seattle and Los Angeles and San Francisco, with roll-on, roll-off type containerships particularly designed for carrying highway trailer boxes.

A 6,000-ton barge was launched for service between California and Alaska ports. It was designed to carry 300 24-foot containers which are loaded and unloaded by shoreside cranes. It also can handle noncontainerized cargo in a deckhouse of 84,000 cubic feet capacity. Service between Pacific coast ports and Alaska is not

subject to our jurisdiction, except to the extent joint rail-water rates may become involved.

The new containership service between New York and Florida ports mentioned in our report last year was inaugurated in August 1960 as scheduled, but proved financially unsuccessful after several months' operation. The two new roll-on, roll-off type small containerships built for the New York-Florida run are now in service by another carrier in the Puerto Rican trade.

The first United States built, oceangoing, hydrofoil vessel was launched during the summer. The 104-foot, 80-ton experimental craft was undergoing technical evaluation testing, and will be ready for an 18-month test in commercial service early in 1962. The vessel will have accommodations for about 75 passengers, and will be capable of comparatively high speeds of 40 to 60 or more knots.

Another innovation in the coastwise trade early in the year was the first movement from Louisiana to Florida of boiling-hot liquid sulphur in a new tanker. This is expected to be the beginning of a multi-million dollar program in shipping liquid sulphur to industrial centers along the Atlantic coast. Molten sulphur, having a temperature of about 260° F., has been moving in specially built barges from Louisiana to points on the Mississippi River system since 1955.

Preliminary statistics indicate that downbound traffic on the Montreal-Lake Ontario portion of the St. Lawrence Seaway in the first 3 months of the 1961 season (April-June) was almost 50 percent above the tonnage for that period in 1960. However, a decrease of 27 percent was registered in the upbound movement. On the Welland Canal the same decrease was recorded on the upbound traffic, while the downbound movement was nearly 8 percent above last year's figures for the same 3-month period. A decline in the movement of iron ore accounts for the decrease in upbound tonnage, while downbound traffic was increased by heavy shipments of grain. The Port of New York has estimated that during 1959 it lost less than 2 percent of its general cargo business to the St. Lawrence Seaway, but expects such losses eventually will amount to 10 percent.

#### FREIGHT FORWARDERS

Service provided by freight forwarders was generally adequate. The volume of freight handled by forwarders having yearly gross revenues of over \$100,000 has remained fairly constant during the last 5 years. It was about 25 million shipments aggregating slightly more than 4 million tons in 1960.

Failure of freight forwarders to grow despite the expansion in the economy is due in part to greatly increased activities of exempt associations of shippers who are consolidating their own shipments of

substantial tonnages between major industrial centers. This development also had an adverse effect upon the forwarders' net income, which was at the lowest level for any year during the last 5 years. The decline in net income can be attributed more or less directly to the loss of desirable on-line tonnage by the regulated forwarders, while they continue to provide service at remote off-line points within the scope of their operations.

Many freight forwarders are utilizing trailer-on-flatcar services, and have acquired additional equipment, such as highway trailers, containers, and railroad flatcars by purchase or under lease arrangements. A number of large affiliated freight forwarders which operate both domestically and internationally, have standardized their container equipment. For local pickup and delivery service they use 20-foot trailers, two of which can be locked together to form a 40-foot unit for over-the-road movement. They plan through transportation of export shipments in the same trailers without physical rehandling of freight within the trailers, on one bill of lading for one charge.

### PIPELINES

At the end of 1960, 151,968 miles of oil pipelines were operated in 47 States and the District of Columbia by 87 oil pipeline companies reporting to the Commission. This represented an increase of 1.9 percent in mileage over the 149,159 miles operated in 1959 in 46 States and the District of Columbia. The additional State is Alaska, which had 20 miles of crude-oil pipelines.

Trunklines moving crude oils in 1960 in 34 States totaled 62,059 miles, a net increase of 199 miles over 1959. Refined oils trunklines were in operation in 43 States and the District of Columbia and totaled 40,508 miles for a net increase of 2,776 miles. Crude-oil gathering lines<sup>13</sup> operated 49,401 miles in 21 States. Increases in mileage of refined-oils trunklines were primarily in Kansas (425 miles), Montana (376 miles), Iowa (328 miles), Nebraska (252 miles), and Missouri (216 miles). Kansas was also listed last year among the five States having the largest increases in pipelines in this service.

Pennsylvania, which in 1959 had the largest increase in refined-oil trunklines (898 miles), showed the greatest decrease in 1960 (289 miles).

There was a net decrease of 166 miles in crude-oil gathering lines. The greatest decrease (267 miles) occurred in Texas.

The completion in 1960 of the \$63,134,000 Mid-America liquid petroleum gasline consisting of 2,184 miles of 4- to 10-inch lines extending from Eunice, N. Mex. to McPherson, Kans., with branch lines to Pine Bend, Minn., near Minneapolis, and to Janesville, Wis.,

<sup>13</sup> Includes 245 miles used in gathering refined oils.

accounts for a large proportion of the total mileage and cost of oil products pipelines built in that year. This line, owned in part by a southwestern railroad, is the longest pipeline in existence exclusively used for liquid petroleum gas. It is highly automated with most operations, including measured deliveries to customers, controlled from a central console at Tulsa, Okla. The automation equipment was supplied by a large railroad signal manufacturer utilizing some methods and devices perfected for railroad centralized traffic control. Communication channels were leased from the Bell System.

New oil pipelines scheduled for completion in calendar year 1961 are as follows:<sup>14</sup>

|                          | <i>Mileage</i> | <i>Estimated cost</i> |
|--------------------------|----------------|-----------------------|
| Crude oil pipelines----- | 1, 333         | \$38, 616, 000        |
| Products pipelines-----  | 3, 283         | 152, 210, 000         |
|                          | <hr/>          | <hr/>                 |
| Total oil pipelines----- | 4, 616         | 190, 826, 000         |
|                          | <hr/>          | <hr/>                 |

The largest oil products pipeline scheduled for completion in 1961, for which contracts were let in June 1961, is the 1,100-mile 6- to 12-inch Dixie Pipe Line extending from Mont Belvieu, Tex., near Houston, to Raleigh, N.C., which will have a capacity of 50,000 barrels per day.

An oil products pipeline, tentatively proposed for the future, is the Suwanee 22-inch pipeline to extend from Baton Rouge, La., to Roanoke, Va., by a route not yet disclosed, with a possible extension to Washington and Baltimore. One purpose of this pipeline would be to reduce dependence of east coast cities on oil delivered by tankers. This line would have a capacity of 300,000 barrels per day. It would parallel the existing Plantation Pipeline as far north as Greensboro, N.C.

The first petrochemical multiple noncommon-carrier pipeline is planned from Claymont, Del., to the industrial complex in the Penns Grove-Deepwater area in New Jersey. It is projected by a chemical subsidiary of a large oil company for handling chemical byproducts produced at its nearby refinery at Marcus Hook, Pa., to industrial customers on the New Jersey side of the river downstream from the point of crossing. The pipeline will consist of 10 pipes for different chemicals laid in a trench 25 feet deep in the river bottom and backfilled with rock. The 10 pipes are more than the number needed initially, but it is stated that it would be too costly to excavate another trench for installing additional pipes later. Among the liquid or gaseous chemicals to be carried are ethylene, ethylene oxide, hydrogen, and propylene.

<sup>14</sup> Source: June 1, 1961, report of the Association of Oil Pipe Lines.

A major new process that makes automatic pipeline welding in the field a reality for the first time has been developed by a large oil company. The key to the process is a welding device that clamps over and welds two pipe lengths together 20 times faster than possible with present hand welding techniques. In current methods a team of 20 men may weld pipe spread over a mile of the line. Only three men are needed in the new process. The welding machine, which has undergone a successful field test, is designed for uses with pipes up to 8 inches in diameter, but the entire process can be easily adapted to any size of pipe, even of 30-inch diameter or larger. The economic importance of fast and efficient welding is indicated by the estimate that, with welds about 50 feet apart, approximately 487,500 welds would be needed for the 4,616 miles of new oil pipelines planned for completion in 1961.

#### LABOR-MANAGEMENT RELATIONS

Surface carriers lost 1,008,800 man-days because of work stoppages in 1960, a decrease of 13 percent compared with 1959.<sup>15</sup> Railroads, which lost relatively few man-days because of stoppages in 1959, had 16 work stoppages, involving 101,000 workers. The loss of 759,000 man-days was over ten times greater than in 1959 and accounted for about 75 percent of the 1960 total for surface carriers. Two disputes accounted for a large proportion of the railroad total. A 25-day stoppage on the Long Island Rail Road from July 10 to August 4 involved 6,000 workers, and resulted in 132,000 lost man-days. From September 1 to 12, a labor dispute involving 72,000 workers completely closed down the Pennsylvania Railroad for the first time in its history, with lost man-days amounting to 504,000. In August and September stoppages on various subsidiary railroads of steel companies, involving relatively few railroad workers, caused some interruption in steel production.

In motor freight and warehousing, 78 work stoppages involved 10,400 workers and 77,300 lost man-days. Each of these figures was less than in the previous year. Lost man-days were only 39 percent as great as those in 1959. The largest tieup in trucking occurred in the New York-New Jersey region in December, and involved 5,000 workers and 27,800 lost man-days, about one-third of the motor freight and warehousing total for the year.

Water transportation, which in 1959 accounted for 77 percent of the man-days lost to the transportation industry as a whole, was responsible for only 17 percent in 1960. Although the number of work stoppages increased from 40 to 59, only 43,400 workers were involved,

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<sup>15</sup> According to data furnished by the Division of Wages and Industrial Relations, Bureau of Labor Statistics, U.S. Department of Labor.

compared with the 76,800 the year before. The 170,000 man-days lost were about 20 percent of the 877,000 man-days lost in 1959. Two stoppages accounted for about one-fifth of the total in 1960. In April, 20,500 man-days were lost in a dispute which affected the Port of New York. In May and June a stevedore tieup on the Great Lakes accounted for 29,000 lost man-days.

There was 1 stoppage in the oil pipeline industry, involving 60 workers and 2,500 lost man-days, as compared with none for the previous year.

Wage negotiations caused few interruptions in the railroad industry, the Long Island work stoppage being a major exception. Industry-wide wage agreements with all but one of the operating unions were reached after mediation in June 1960. These provided for a 2-percent wage increase on July 1, 1960, and a further 2-percent increase on March 1, 1961. The agreements reached with the nonoperating employees also provided for a two-stage increase: 5 cents an hour on July 1, 1960, and medical and life insurance provisions in lieu of a wage increase on March 1, 1961. All of these agreements expire on November 1, 1961.

Railroad management and labor both sought changes in existing work rules and practices. A Presidential Commission was created by an Executive Order on November 1, 1960, to study the proposals of both sides. The Presidential Commission, consisting of 15 men—5 labor, 5 management, and 5 public representatives—is to file a report and recommendations on or before December 1, 1961.

## PROMOTION OF SAFETY

Fewer fatalities were reported by the railroads and motor carriers subject to our safety requirements, except in accidents at rail-highway grade crossings. The latter increased from 1,203 killed in the calendar year 1959 to 1,364 in 1960. Other fatalities from train service accidents decreased from 838 in 1959 to 834 in 1960.

Motor carriers reported 3.4 percent fewer deaths, although their vehicle-miles increased about 1 percent.

Both the railroad and motor carrier safety programs emphasized the need for better maintenance practices.

Separate discussions of safety work in connection with the railroads and motor carriers follow:

### RAILROAD SAFETY PROGRAM

The Sections of Railroad Safety and Locomotive Inspection of the Bureau of Safety and Service administer the railroad safety program, which includes development of regulations, administration, inspections to determine effectiveness of regulations and degree of compliance therewith, enforcement, and investigation of complaints and railroad accidents. The Bureau of Transport Economics and Statistics administers railroad accident reporting and it has provided most of the accident statistics shown herein. More detailed reports on railroad safety and locomotive inspection are published as separate documents by the Bureau of Safety and Service.

#### *Number of Persons Killed and Injured*

Accidents involving train operation (train and train-service accidents) resulted in 2,198 persons killed and 13,724 injured during 1960, as compared with 2,041 killed and 14,001 injured in 1959.

Casualties from train and train-service accidents for the first 6 months of 1961, compared with the corresponding period in 1960, are shown in the following table:

| Classification of persons                             | Number of persons<br>killed January to June— |      |
|-------------------------------------------------------|----------------------------------------------|------|
|                                                       | 1960                                         | 1961 |
| Trespassers.....                                      | 268                                          | 263  |
| Employees on duty.....                                | 78                                           | 52   |
| Passengers on trains.....                             | 24                                           | 13   |
| Others (chiefly highway-rail crossing accidents)..... | 699                                          | 669  |
| Total.....                                            | 1,069                                        | 997  |

During the first half of 1961, as compared with the same period in 1960, there was a 2 percent decrease in the number of persons killed in train and train-service accidents, while the volume of rail traffic as measured in ton-miles and passenger miles decreased 8.91 percent.

### *Investigation of Accidents*

The following table shows data for more serious train accidents investigated during the last 5 years under the Accident Reports Act, approved May 6, 1910:

| Year ended June 30— | Number of accidents investigated |             |       | Persons |         |
|---------------------|----------------------------------|-------------|-------|---------|---------|
|                     | Collisions                       | Derailments | Total | Killed  | Injured |
| 1957.....           | 47                               | 19          | 66    | 100     | 772     |
| 1958.....           | 37                               | 19          | 56    | 50      | 776     |
| 1959.....           | 35                               | 14          | 49    | 100     | 945     |
| 1960.....           | 29                               | 14          | 43    | 68      | 726     |
| 1961.....           | 21                               | 11          | 32    | 42      | 983     |

In each case a report was published, setting forth the facts and our conclusions and recommendations.

### *Accident Reports*

As required by the Accident Reports Act and related Commission rules, certain accidents arising from the operation of a railroad and which result in injury to persons or damage to property are reported. Accident records of railroads were examined to determine the degree of compliance with the reporting rules, as follows:

|                                                     | Year ended June 30— |         |
|-----------------------------------------------------|---------------------|---------|
|                                                     | 1960                | 1961    |
| Regular inspections of accident records.....        | 411                 | 454     |
| Number of railroads examined.....                   | 391                 | 441     |
| Number of complaints investigated.....              | 8                   | 16      |
| Number of infractions disclosed.....                | 82                  | 9       |
| Number of accident and casualty files examined..... | 29, 544             | 26, 690 |

The act was amended September 13, 1960, to define the term "accidents arising from the operation of a railroad" to include all activities of the railroad which are related to the performance of its transportation business. The Reporting Rules were revised accordingly effective February 1, 1961, and made applicable to all accidents occurring on or after January 1, 1961.

At the beginning of the year, 12 cases comprising 26 counts of violation of the Accident Reports Act were pending in the Municipal Court for the District of Columbia. Six cases comprising 7 counts were transmitted to the U.S. attorney for the District of Columbia for prosecution during the year, compared to 19 cases comprising 28 counts

in the previous year. Fourteen cases comprising 28 counts were disposed of by pleas of guilty of 23 counts and dismissal of 5 counts. Fines of \$5,300 were assessed. On June 30, 1961, four cases comprising five counts were pending.

### *Accidents at Rail-Highway Grade Crossings*

There were 3,195 accidents at rail-highway grade crossings in 1960, resulting in the death of 1,364 persons and the injury of 3,424. Automobiles, buses, and trucks were involved in 2,966 of these accidents, in which 1,254 persons were killed and 3,277 were injured. There were 70 derailments of trains in rail-highway grade crossing accidents which involved motor vehicles resulting in 48 fatalities and 161 injuries. Casualties to persons on trains in derailments and other train accidents at rail-highway grade crossings totaled 25 killed and 215 injured. A table showing information concerning crossing accidents in 1958, 1959, and 1960 follows:

#### *Accidents at highway grade crossings, year ended December 31—*

| Accidents and casualties                                                                       | 1958   |                    |         | 1959   |                    |         | 1960   |                    |         |
|------------------------------------------------------------------------------------------------|--------|--------------------|---------|--------|--------------------|---------|--------|--------------------|---------|
|                                                                                                | Number | Number of persons— |         | Number | Number of persons— |         | Number | Number of persons— |         |
|                                                                                                |        | Killed             | Injured |        | Killed             | Injured |        | Killed             | Injured |
| Accidents at highway grade crossings.....                                                      | 3,099  | 1,271              | 3,161   | 3,075  | 1,203              | 3,247   | 3,195  | 1,364              | 3,424   |
| Accidents at highway grade crossings involving motor vehicles <sup>1</sup> .....               | 2,831  | 1,129              | 3,026   | 2,815  | 1,055              | 3,123   | 2,966  | 1,254              | 3,277   |
| Derailments of trains at highway grade crossings involving motor vehicles.....                 | 48     | 20                 | 77      | 61     | 30                 | 108     | 70     | 48                 | 161     |
| Miscellaneous train accidents as a result of collisions between trains and motor vehicles..... | 84     | 66                 | 50      | 94     | 68                 | 71      | 92     | 77                 | 94      |
| Railroad casualties:                                                                           |        |                    |         |        |                    |         |        |                    |         |
| Passengers.....                                                                                |        |                    | 36      |        |                    | 46      |        | 14                 | 129     |
| Employees on duty.....                                                                         |        | 4                  | 63      |        | 2                  | 83      |        | 11                 | 86      |
| Total.....                                                                                     |        | 4                  | 99      |        | 2                  | 129     |        | 25                 | 215     |

<sup>1</sup> Passenger automobiles, buses, and trucks.

### *Safety Appliances*

The following table shows results of safety appliance inspections, with corresponding data for the preceding year:

| Item                                                            | Year ended June 30— |           |
|-----------------------------------------------------------------|---------------------|-----------|
|                                                                 | 1960                | 1961      |
| Freight cars inspected.....                                     | 1,579,463           | 1,524,056 |
| Percent defective.....                                          | 5.40                | 5.1       |
| Passenger-train cars inspected.....                             | 34,669              | 35,396    |
| Percent defective.....                                          | 5.35                | 4.9       |
| Locomotive units inspected.....                                 | 122,151             | 111,516   |
| Percent defective.....                                          | 1.04                | 1.0       |
| Number of defects per 1,000 cars and locomotives inspected..... | 58.00               | 54.49     |

The number of units inspected was 1,670,968, or 3.76 percent less than in the fiscal year 1960.

During the year, 234 cases of violation of the Safety Appliance Acts, comprising 680 counts, were transmitted to U.S. attorneys for prosecution, compared with 326 cases comprising 1,252 counts transmitted during the previous year. At the beginning of the year, 147 cases comprising 713 counts were pending in the district courts. During the year, 243 cases were disposed of by the district courts by confession of 801 counts, dismissal of 46 counts, and trial of 11 counts. Of the latter 11 counts, judgment was entered for the Government on 10 counts and for the defendant on 1 count. The one count reported last year as pending decision was decided in favor of the Government, and the one count that was appealed to the circuit court was decided in favor of the Government. Penalties of \$203,250 were assessed. On June 30, 1961, 138 cases comprising 535 counts were pending in the district courts.

The plans and specifications of six privately developed devices designed to increase safety in railroad operations were examined by technical personnel of the Safety Appliance section. Five of the proposals dealt with airbrake systems and components, and the other was concerned with a safety appliance feature. Informal staff opinions and comments, as to the practicability of these devices, were prepared and forwarded to the respective inventors or their agents.

### *Hours of Service*

The following table shows statistics relating to hours of service of railroad operating employees:

|                                                      | Year ended June 30— |       |
|------------------------------------------------------|---------------------|-------|
|                                                      | 1960                | 1961  |
| Railroads reporting instances of excess service..... | 135                 | 126   |
| Instances of excess service reported.....            | 3,251               | 3,201 |
| Instances of excess service investigated.....        | 2,320               | 1,959 |
| Examination of hours of service records.....         | 821                 | 1,004 |
| Completed investigations of complaints.....          | 56                  | 51    |
| Violations involved in regular inspections.....      | 44                  | 51    |
| Violations involved in special investigations.....   | 123                 | 102   |

During the year, 39 cases comprising 167 counts of violation of the railroad hours of service law were transmitted to U.S. attorneys for prosecution. In the same period 143 counts were disposed of by confession of 142 counts and judgment for the Government in 1 count resulting in \$30,900 in penalties assessed. A more detailed statement concerning hours-of-service cases as compared with the preceding year follows:

|                                                  | Year ended June 30— |           |
|--------------------------------------------------|---------------------|-----------|
|                                                  | 1960                | 1961      |
| Cases pending at beginning of year.....          | 13                  | 28        |
| Cases transmitted to U.S. attorneys.....         | 39                  | 39        |
| Cases disposed of during the year.....           | 24                  | 39        |
| Cases pending at end of year.....                | 28                  | 28        |
| Counts pending at beginning of year.....         | 56                  | 131       |
| Counts transmitted to U.S. attorneys.....        | 177                 | 167       |
| Counts confessed or judgment for Government..... | 100                 | 143       |
| Counts dismissed or judgment for defendant.....  | 2                   | 14        |
| Counts pending at end of year.....               | 131                 | 141       |
| Penalties imposed.....                           | \$22, 100           | \$30, 900 |

### *Signal Devices and Communications Systems*

According to reports submitted by the carriers, block-signal systems, interlocking, and automatic train-stop, train-control, and cab-signal devices were in use on January 1, 1961, as follows:

| Type of signal protection                                    | Plants | Miles of—   |             | Loco-<br>motives |
|--------------------------------------------------------------|--------|-------------|-------------|------------------|
|                                                              |        | Road        | Track       |                  |
| Block-signal systems:                                        |        |             |             |                  |
| Automatic.....                                               |        | 81, 402. 7  | 108, 587. 4 |                  |
| Nonautomatic.....                                            |        | 23, 927. 8  | 24, 398. 1  |                  |
| Total.....                                                   |        | 105, 330. 5 | 132, 985. 5 |                  |
| Corresponding totals, Jan. 1, 1960.....                      |        | 106, 720. 0 | 135, 242. 5 |                  |
| Interlocking.....                                            | 4, 028 |             |             |                  |
| Automatic train-stop, train-control, and cab-signal devices: |        |             |             |                  |
| Train-stop.....                                              |        | 9, 372. 0   | 14, 664. 1  | 5, 036           |
| Train-control.....                                           |        | 1, 016. 0   | 1, 932. 9   | 858              |
| Cab-signal.....                                              |        | 3, 785. 0   | 8, 311. 2   | 3, 430           |
| Total.....                                                   | 4, 028 | 14, 173. 0  | 24, 908. 2  | 9, 324           |
| Corresponding totals, Jan. 1, 1960.....                      | 4, 089 | 14, 105. 3  | 24, 998. 1  | 9, 279           |

As of January 1, 1961, train communication systems were in use on 197 railroads, of which 72 had both line-of-road and yard and terminal installations in service, 60 line-of-road installations only, and 65 yard and terminal installations only. Line-of-road installations were in service for operation over a total of 139,485 miles of road, and there were 957 yard and terminal installations. There were 24,308 wayside stations and mobile units, such as locomotives, cabooses, passenger and other cars provided with train communication equipment, and 7,957 portable two-way radio sets in service.

The line-of-road installations comprised radio systems on 131,286 miles of road, inductive systems on 7,866 miles of road, and a combined inductive and wire intercommunication system operating over 86 miles of road. Radio-telephone systems provided by communication common carrier were in service on 247 miles of road.

The 957 yard and terminal installations consisted of 952 radio systems and 5 inductive systems.

One railroad, using a train communication system, discontinued operation during the year. There was an increase of six in the number of railroads using both line-of-road and yard and terminal installations. There was a decrease of 4 in the number of railroads using train communication systems in line-of-road service in 1960, but an increase of 21,365 in the miles of road over which such systems are operated. There was a decrease of 3 in the number of railroads using yard and terminal installations, but an increase of 37 installations. The decrease in the number of railroads using train communication systems in line-of-road service was the result of the merger of several railroads. This was also the cause for the reduction in the number of railroads using yard and terminal radio systems. However, these communication systems in line-of-road service and yard and terminal installations, of the merged railroads, were included in the reports submitted by the operating railroads. There was an increase of 3,347 in the number of wayside stations and mobile units equipped, and of 1,683 in portable radio sets in service.

Detailed information concerning these installations is contained in the annual statistics bulletin, published separately.

In the year ended June 30, 1961, 231 applications were filed for modifications of block-signal systems and interlockings. At the beginning of the year, action was pending on 60 applications previously filed. During the year, 238 applications were acted upon, 1 was dismissed, 1 was withdrawn, and action was pending on 51 at the close of the year. Public hearings were held on 34 of the applications.

Fifty-five applications were filed in the year for modifications or for relief from the requirements of the rules, standards, and instructions prescribed by order of June 29, 1950, under the signal inspection law. At the beginning of the year action was pending on 23 such applications. Of this total, 76 applications were acted upon, and action was pending on 2 at the close of the year. Public hearings were held on 31 applications for relief from the requirements of the rules. There was a decrease of 27 in the number of applications filed for relief from requirements of the rules, standards, and instructions. This was largely brought about by the revision of section 136.410 of the rules, standards, and instructions by the Commission's order of April 3, 1961, in Ex Parte No. 171.

Monthly signal failure reports filed by the carriers for the year ended June 30, 1961, are summarized below.

|                                          |         |
|------------------------------------------|---------|
| False restrictive failures .....         | 23, 884 |
| False proceed failures .....             | 56      |
| Potential false proceed conditions ..... | 7       |

Of the false proceed failures and potential false proceed conditions reported, 31 were investigated.

In the year ended June 30, 1961, 25 complaints were received in connection with alleged violations of the rules, standards, and instructions. At the beginning of the year action was pending on 3 complaints previously filed. During the year investigations were completed on 23 and action was pending on 5 at the end of the year.

During the year ended June 30, 1961, inspections were made as follows:

| System                       | Number of systems inspected | Including inspections of— |          |                  |                        |                  |
|------------------------------|-----------------------------|---------------------------|----------|------------------|------------------------|------------------|
|                              |                             | Signals                   | Switches | Other appliances | Devices on locomotives | Records of tests |
| Automatic block-signal-----  | 836                         | 8, 209                    | 7, 266   | 1, 032           | -----                  | 40, 060          |
| Interlockings-----           | 2, 041                      | 15, 742                   | 10, 471  | 12, 129          | -----                  | 33, 310          |
| Traffic-control-----         | 884                         | 8, 549                    | 5, 311   | 5, 739           | -----                  | 20, 452          |
| Automatic train-control----- | 40                          | -----                     | -----    | 195              | 97                     | 236              |
| Automatic train-stop-----    | 474                         | -----                     | -----    | 2, 754           | 1, 360                 | 6, 178           |
| Automatic cab-signal-----    | 285                         | -----                     | -----    | 667              | 1, 372                 | 3, 206           |
| Total-----                   | 4, 560                      | 32, 500                   | 23, 048  | 22, 516          | 2, 829                 | 103, 442         |

The 4,560 systems inspected represented an increase of 70 systems inspected over the previous year. These inspections served to call railroad management's attention to a large number of unsatisfactory maintenance conditions for corrective action.

Seven cases comprising 21 counts of violation of the signal inspection law were transmitted to U.S. attorneys for prosecution. At the beginning of the year, 2 cases comprising 13 counts were pending. Four cases comprising 20 counts were confessed, resulting in \$2,000 in fines assessed. On June 30, 1961, 5 cases comprising 14 counts were pending in the district courts.

#### *Explosives and Other Dangerous Articles—Railroad*

Research and development activities in both military and commercial use of explosives and other dangerous articles continued to introduce new problems in the transportation of such items. Unusual situations were continually arising, and great flexibility in packaging and transporting these articles was required.

International groups, however, stepped up their efforts to obtain adoption of uniform regulations. Direct participation in such programs by this Commission and other American interests is believed to be essential if we are to guard against the development of new systems which might be incompatible with our existing practices. Each proposed regulation should be reviewed when it is first suggested and before it is submitted formally for adoption. Otherwise the opportunity for modification in line with existing practices in this country would be limited.

Transportation of radioactive materials, including wastes increased to a point where the limitations in existing regulations became too restrictive and cumbersome. It was necessary to issue a large number of special permits or container approvals on an individual basis in order that arrangements could be made to transport materials having high level radioactivity. Discussions were begun with a view to amendment of the pertinent regulations so as to reduce the need for individual permits while providing for continued protection of the public.

Another difficult question involved proposals to modify the identifying labels which we require on packages of explosives or other dangerous materials. The modifications were sought by various groups in an effort to satisfy other uses or special needs for such labels, but it was not practicable to incorporate all of the ideas on a single label. As the subject becomes more widely understood, it is believed the demands for changes will decrease and other means will be devised to take care of special varied needs.

Instruction concerning development of regulations for safe transport of dangerous goods was given to trainees of foreign countries in cooperation with the U.S. Department of Labor's Division of International Cooperation.

The practice of keeping the regulations current to meet new developments is reflected by the handling of 529 proposals to amend them, as follows:

|                                   | Proposed | Adopted |
|-----------------------------------|----------|---------|
| Changes in regulations.....       | 371      | 349     |
| Additions to regulations.....     | 106      | 99      |
| Eliminated from regulations.....  | 46       | 46      |
| New container specifications..... | 6        | 6       |
|                                   | 529      | 500     |

The development of new containers or materials for their manufacture, new products, or unusual situations which required prompt or special consideration on a temporary basis required the issuance or extension of 691 permits.

Observations to determine the degree of compliance with regulations by shippers were made by our field staff with the following results:

|                                                           |           |
|-----------------------------------------------------------|-----------|
| Number of field reports made .....                        | 2, 434    |
| Number of locations inspected.....                        | 2, 448    |
| Violations noted.....                                     | 4, 194    |
| Violations recommended for prosecution.....               | 34        |
| Cases pending in court—beginning of period.....           | 8         |
| Cases pending in court—end of period.....                 | 15        |
| Cases disposed of.....                                    | 27        |
| Fines assessed (27 cases).....                            | \$14, 050 |
| Cases rejected for prosecution or rejected by courts..... | 1         |

ACTIVITIES RELATED TO CONDITION OF LOCOMOTIVES <sup>16</sup>*Inspection of Locomotives*

The following table shows the scope of inspection activities for a period of 6 years:

*Reports and inspections—Steam locomotives, locomotive units other than steam, and multiple operated electric locomotive units*

|                                                         | Year ended June 30— |         |        |         |         |        |
|---------------------------------------------------------|---------------------|---------|--------|---------|---------|--------|
|                                                         | 1956                | 1957    | 1958   | 1959    | 1960    | 1961   |
| Number of locomotives for which reports were filed..... | 38,062              | 37,353  | 36,905 | 36,069  | 35,645  | 35,074 |
| Number inspected.....                                   | 97,348              | 100,607 | 95,593 | 105,347 | 108,629 | 98,332 |
| Number found defective.....                             | 11,107              | 9,887   | 8,394  | 10,912  | 11,126  | 9,399  |
| Percent of inspected found defective.....               | 11.4                | 9.8     | 8.8    | 10.4    | 10.2    | 9.6    |
| Number ordered out of service.....                      | 644                 | 518     | 395    | 648     | 531     | 504    |
| Number of defects found.....                            | 35,560              | 26,385  | 21,532 | 32,330  | 32,830  | 28,308 |

In compliance with the Rules and Instructions for Inspection and Testing of Locomotives, 1 specification and 42 alteration reports were submitted by carriers for steam locomotives; 470 specifications and 1,124 alteration reports were received for locomotives other than steam; 120 specifications and 216 alteration reports for heating boilers mounted in locomotive units; and 6 alteration reports for multiple operated electric locomotive units were submitted by carriers. The information contained in these specification cards and alteration reports was analyzed, and corrective measures were taken when improper design or other discrepancies were found.

Inspection and repair reports for steam locomotives filed with district inspectors during the year totaled 7,363; for locomotives other than steam 408,051; and for multiple operated electric locomotive units 31,975.

On June 30, 1961, there were 421 fewer steam locomotives for which carriers filed reports than there were on June 30, 1960, and the number of locomotive units other than steam and multiple operated electric locomotive units for which reports were filed during this period decreased by 150.

Thirty applications for extension of time for removal of flues from the boilers of steam locomotives were submitted. After investigation, extensions were granted for the full period requested in 25 applications. Two extensions were granted after defects disclosed by our investigations were repaired. Two applications were canceled and 1 was pending.

Nine cases involving 13 counts of violation of the Locomotive Inspection Act and rules thereunder were transmitted during the

<sup>16</sup>Locomotive inspection activities are shown in detail in the report of the Director of Locomotive Inspection, published separately.

year to U.S. attorneys for prosecution. Judgment was confessed in two cases on four counts, and \$1,000 in penalties was assessed. Seven cases, involving nine counts were pending in the district courts at the end of the year.

No formal appeals from decisions of district inspectors were filed by the carriers.

### *Accidents and Their Investigation*

The following table shows accidents and casualties reported under the requirements of the Locomotive Inspection Act for a period of 6 years:

*Accidents and casualties caused by failure of some part or appurtenance of steam locomotives, locomotive units other than steam, and multiple operated electric locomotive units*

|                                                      | Year ended June 30— |                   |      |                  |      |                   |
|------------------------------------------------------|---------------------|-------------------|------|------------------|------|-------------------|
|                                                      | 1956                | 1957              | 1958 | 1959             | 1960 | 1961              |
| Number of accidents.....                             | 73                  | 75                | 72   | 66               | 50   | 71                |
| Percent increase or decrease from previous year..... | 12.0                | <sup>1</sup> 2.7  | 4.0  | 8.3              | 24.2 | <sup>1</sup> 42.0 |
| Number of persons killed.....                        | 4                   | 0                 | 0    | 0                | 0    | 0                 |
| Percent increase or decrease from previous year..... | <sup>1</sup> 33.3   | 100               | 0    | 0                | 0    | 0                 |
| Number of persons injured.....                       | 79                  | 90                | 86   | 90               | 81   | 77                |
| Percent increase or decrease from previous year..... | 44.4                | <sup>1</sup> 13.9 | 4.4  | <sup>1</sup> 4.7 | 10.0 | 4.9               |

<sup>1</sup> Increase.

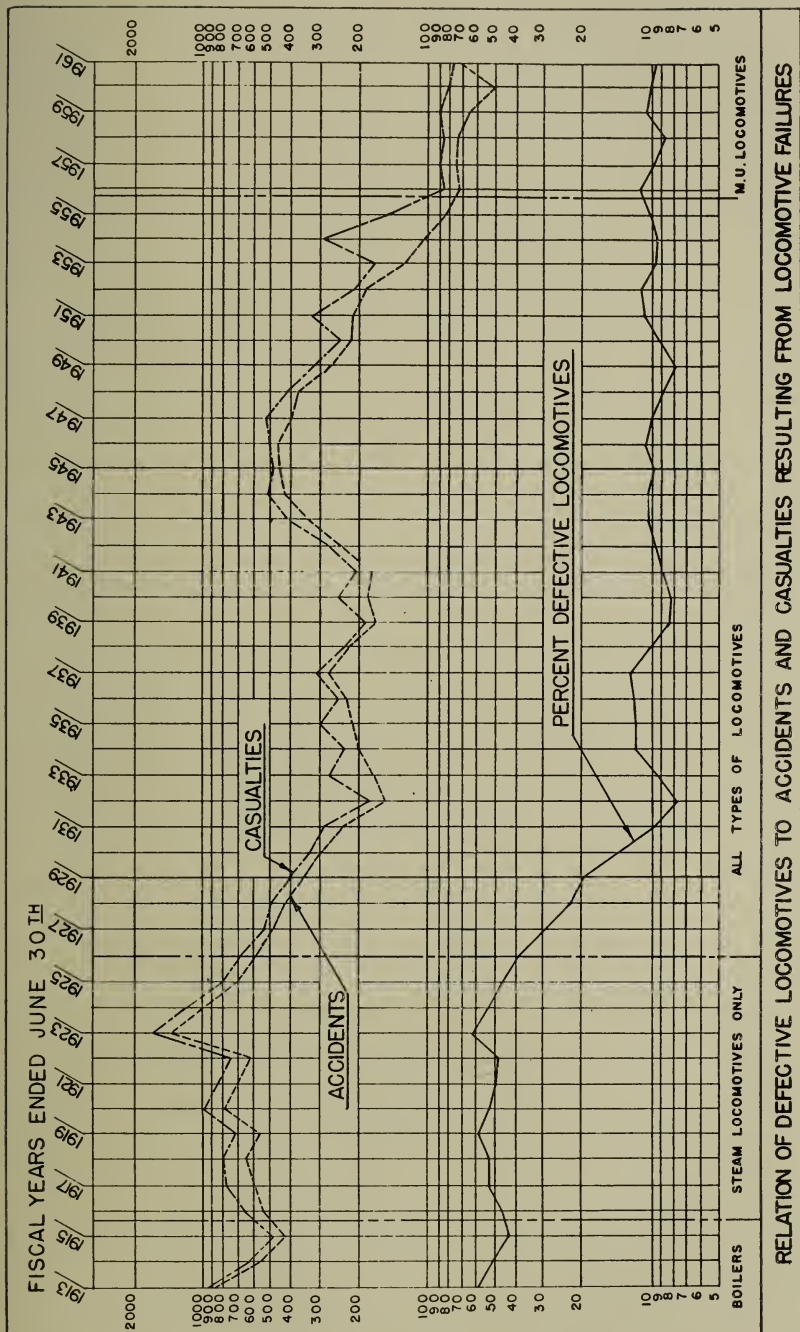
There was a decrease of 4 in the number of persons injured and an increase of 21 in the number of accidents during the year ended June 30, 1961, compared with the preceding year. No fatalities resulted from failure of parts or appurtenances of locomotives during the year.

Of the 71 accidents, 17 were caused by the defective condition of floors, steps, and passageways of diesel-electric locomotives. Fourteen of the 17 resulted from accumulation of oil on walking surfaces of the locomotives, an increase of 7 compared with the preceding year.

Seven accidents were caused by defective condition of cab seats, compared with eight in the previous year.

Accidents reported under requirements of the law and Commission rules were investigated. Reports on accidents of major importance or of particular interest are published and copies thereof distributed to interested parties in order that action can be taken to avoid similar accidents in the future.

The accompanying chart shows the percentage of locomotives found defective, the number of accidents, and of casualties.



**MOTOR CARRIER SAFETY PROGRAM**

Motor vehicle accidents, their causes, and costly consequences, continued to receive priority attention, not only by this Commission, but by congressional committees, by several other agencies of the Federal Government, and by the States. By invitation, we made a presentation on April 18, 1961, concerning our motor carrier safety work to the Subcommittee on Health and Safety of the House Committee on Interstate and Foreign Commerce. In that statement we again emphasized the importance of our leadership role in the highway safety field, using the following from our 69th Annual Report:

Our function in the prevention of commercial vehicle accidents is of vital importance. It is unique, and it complements but does not duplicate the activities of the States in the attainment of the objective of safety on the highways. We deal with basic accident cause factors peculiar to highway transportation, which only a Federal Government agency can effectively control through examination of records and properties of carriers at places located outside the jurisdiction of the States through which they operate. By investigation we determine the causes of accidents occurring throughout the Nation, and through such investigations and knowledge gained thereby develop and improve equipment and driver standards. Every State agency is limited by its own State borders, whereas we are concerned with highway transportation crossing the lines of all the States. Our function has to do, for example, with maximum hours of service, driver qualifications, and uniform vehicle design elements, as contrasted with enforcement of traffic regulations by State and local police. We need the cooperation of State agencies, but it is our obligation to exert leadership and to establish standards in the interstate field. The State agencies look to us for this leadership.

In motor carrier safety work, emphasis was placed upon education and enforcement, along with investigation and research into basic accident causes. Because of the vast number of motor carriers subject to our jurisdiction special reliance is placed upon educational activities, inspection work, and other measures designed to prevent accidents and to minimize the personal injuries and property damage caused by them.

In 1960 total motor vehicle registrations numbered 73.9 million, compared with 70.4 million in 1959 and 68.3 million in 1958. The national motor vehicle fatality rate in 1960 reached a new alltime low of 5.3 deaths per 100 million vehicle-miles, despite the substantially increased registration. Such growth in numbers of vehicles inevitably results in increased exposure to accident situations and adds to the need for continued intensive and vigorous action to deal with accident causes. To carry out the responsibility for regulating the safety of operation of nearly 1.75 million commercial vehicles operated by more than 132,000 carriers, we placed principal stress upon the following elements of our program:

1. The road check program was broadened by instituting road checks for the first time on such major highways as the Pennsylvania,

Ohio, and Indiana Turnpikes. The road checks provide information about the mechanical condition of vehicles and the extent of compliance with the regulations related to driver qualifications and hours of service. They also stimulate motor carriers to conduct more effective inspection and maintenance programs, and to maintain closer management control over operators.

2. A major revision of the vehicle lighting regulations was made, instituting for the first time by any official agency, a legal requirement for simultaneous flashing of front and rear turn signals on disabled vehicles to warn of a vehicle traffic hazard.

3. Progress was made toward major revisions of our regulations relating to drivers' hours of service and regulations related to the reporting of accidents.

4. A general investigation was instituted into the causes and possible methods of prevention of collisions of railroad trains and motor vehicles transporting explosives and other dangerous commodities at rail-highway grade crossings.

5. Procedures were instituted to implement the revision of the Transportation of Explosives Act, approved by the President, September 6, 1960, with special reference to placing contract carriers and private carriers of property by motor vehicle under the same statutory provisions as common carriers.

6. Insistence upon safety compliance was continued in considering applications for temporary authority and as a measure of fitness in permanent authority proceedings.

7. The number of published accident investigation reports was increased as a means of informing motor carriers of policies, methods, and procedures important in accident prevention.

8. The scope of our published information relating to accident statistics was broadened to provide more helpful accident prevention material. In addition, more detailed reports relating to road check inspections were released for the guidance of motor carriers.

9. Efforts to identify motor carriers subject to the safety provisions, although not subject to our general regulatory jurisdiction, were continued. A proceeding looking toward requiring private carriers of dangerous commodities to identify themselves to us on an annual basis was instituted.

The road inspection program placed particular emphasis on detailed and thorough inspections, rather than on numbers of inspections. A principal purpose has been to impress upon motor carriers the importance and value of careful inspection of vulnerable vehicle parts. As a result, thorough inspections were made of 51,123 property-carrying vehicles, or combination vehicles, a decrease from 61,255 in fiscal 1960. This decrease resulted in part from the neces-

sity to assign the field staff to investigations of unlawful transportation, discussed elsewhere herein. Of the 51,123 vehicles inspected in 1961, 6,979, or 14.9 percent, were removed from service. This is a slight increase over the 14.2 percent found unserviceable in the previous year.

A special program of bus inspections was conducted for the fourth successive year. Of the 4,238 vehicles inspected, 67 or 1.58 percent were found to require repair before they could be continued safely in service. This reflected a continuing and accelerating improvement in vehicle maintenance. Buses removed from service because of mechanical defects in 1958 through 1961 were 3.2; 3.1; 2.35, and 1.58 percent, respectively.

Special attention again was directed to safety compliance by motor carriers who are subject only to our safety jurisdiction. These are private carriers of property, carriers transporting so-called exempt commodities, carriers operating between points in a foreign country through the United States, and carriers of migrant agricultural workers. Information concerning the safety compliance of such carriers, obtained in the road check program, has shown a clear need for greater attention to carriers of these types. The percentage of vehicle units of nonauthorized carriers removed from service in the major road checks of September and October, 1960, was 9.8, compared with 7.2 for authorized carriers.

In May and June, 1961, we scheduled special activities in northern Florida, southern Georgia, and in South Carolina in an effort to inspect vehicles of carriers of migrant agricultural workers at locations as close as possible to the origin of their movements, but at points where we could be sure that they were subject to our legal authority. We have had responsibility with respect to carriers of this type since the enactment of legislation approved August 3, 1956. Various methods employed in previous years to locate such carriers and inspect their vehicles prior to departure have not had measurable success.

The estimated number of motor carriers of various categories subject to our jurisdiction and the estimated number of vehicles operated by carriers in the three main groups were:

| Type of carrier | Number of interstate carriers (approximate) | Number of vehicles (approximate) |
|-----------------|---------------------------------------------|----------------------------------|
| For-hire.....   | 18, 788                                     | 837, 462                         |
| Private.....    | 76, 548                                     | 678, 091                         |
| Exempt.....     | 37, 515                                     | 199, 003                         |
| Totals.....     | 132, 851                                    | 1, 714, 556                      |

On June 30, 1961, the number of private carriers served with the regulations, after adjustment for carriers determined no longer to be active, was 54,895. The regulations also have been served on 21,996 for-hire carriers conducting so-called exempt operations and 151 carriers operating between points in foreign countries through the United States. We estimate that we have furnished a pamphlet summarizing the applicable regulations to 5,000 motor carriers of migrant workers.

In addition to enforcement activities through court action, we placed great emphasis on safety compliance in considering applications for operating authority. Except in cases involving short-term applications, each request for temporary authority involves a review of the applicant's safety record. During the year, 1,507 records were reviewed for this purpose. Applications denied totaled 109, while 14 others were granted for a limited period of time expressly to permit reevaluation of the safety record. There were 21 petitions for reconsideration, of which 14 were denied. The records of 1,413 other carriers applying for permanent authority were examined prior to issuance of certificates or permits, and, as a result, a number of cases were reopened for hearing on the issue of fitness.

The principal modification of the regulations related to lighting devices for commercial vehicles and their use. The changes, effective July 1, 1961, will bring commercial vehicle lighting requirements to a standard consistent with present day highway conditions. The regulations contain a requirement that vehicles must be equipped with a switch or combination of switches for causing the simultaneous flashing of front and rear turn signals as a vehicular traffic hazard warning. The Uniform Vehicle Code has for some time contained a provision of this nature on a permissive basis but no jurisdiction has established it as a requirement until this action was taken.

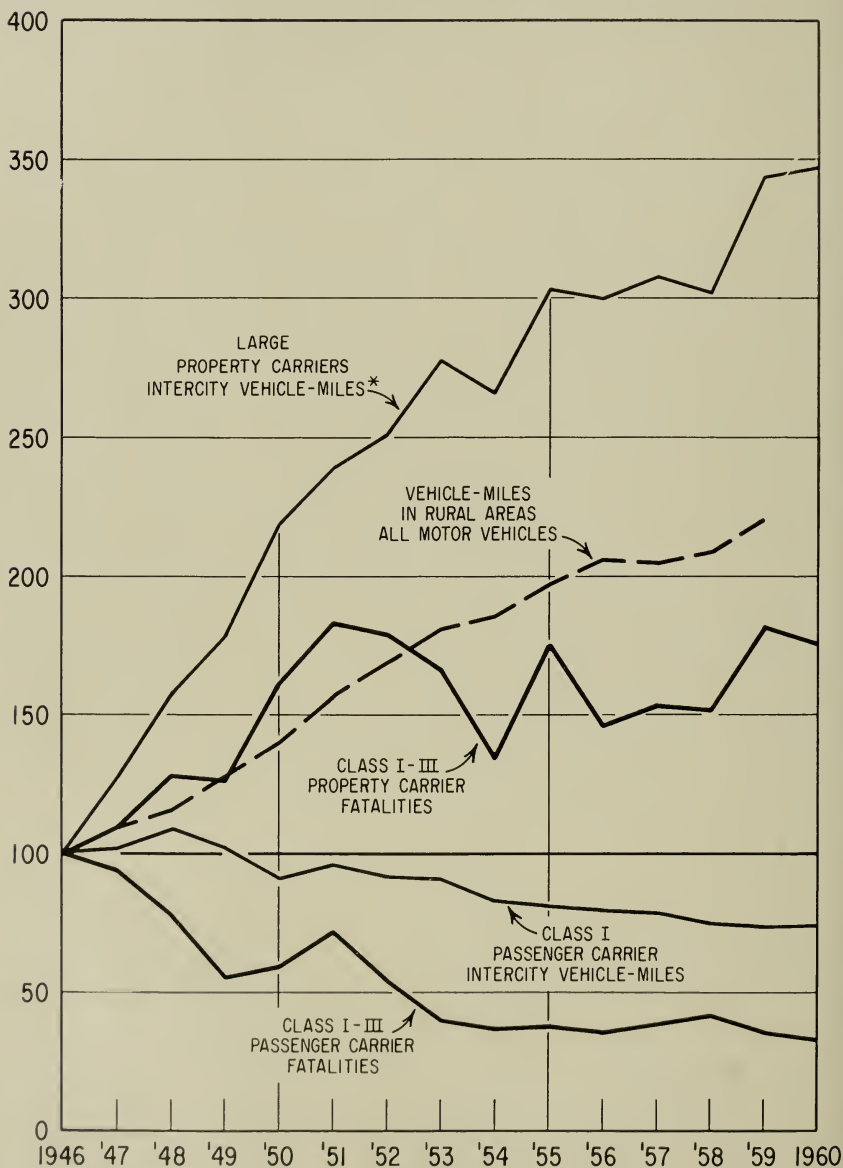
#### *Accident Record*

Total motor vehicle use of the highways in 1960 reached 700 billion vehicle-miles, an increase of 2 percent over the previous year. Interstate carriers of property with annual operating revenues of \$200,000 or more operated approximately 1 percent more intercity miles in 1960 than in 1959. Passenger carrier miles were estimated to be 0.9 percent higher in 1960.

Because of a change in the regulations concerning the reporting of accidents effective January 1, 1960, valid comparisons cannot be made as to total accidents reported of the property damage resulting therefrom. The change, however, did not affect reporting of fatal accidents or accidents resulting in personal injuries. Therefore, data with

# INDEXES OF MOTOR CARRIER TRAFFIC FATALITIES AND VEHICLE-MILES

1946 = 100

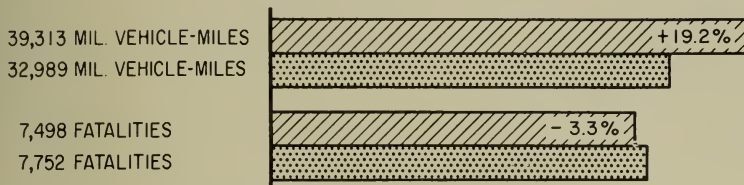


\* Carriers having annual operating revenues of \$200,000 and more.

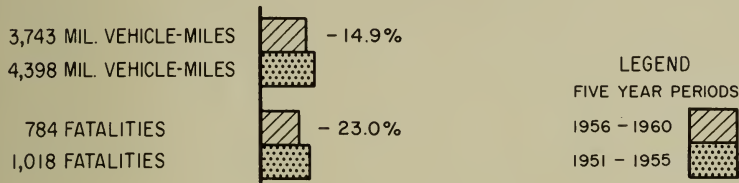
Source: I.C.C., Bureau of Transport Economics and Statistics, *Statistics of Class I Motor Carriers* and Statements Q-750 and Q-800, accident reports of motor carriers, and U.S. Bureau of Public Roads, Table VM-1

## FATALITIES—MILEAGE COMPARISONS—1951-1960

## CARRIERS OF PROPERTY



## CARRIERS OF PASSENGERS



LEGEND  
FIVE YEAR PERIODS  
1956 - 1960 (diagonal lines)  
1951 - 1955 (dots)

respect to fatal accidents, number of persons killed, and persons injured, may be compared for the 2 years.

Reported fatalities decreased 3.4 percent to 1,767 in 1960 from 1,830 in 1959. Accidents involving property-carrying vehicles in 1960 resulted in 1,633 fatalities, a decrease of 3.3 percent from 1,686. Passenger carriers reported 141 fatalities in 1960, 6 percent less than the 150 in the previous year. The number of fatalities in bus accidents established a new low total for any year since our records began.

The number of persons injured in 1960 accidents was 4 percent less than in 1959.

The preceding charts depict: (1) The trends in fatalities reported by motor carriers, and in intercity vehicle miles since 1946; and (2) The total fatalities in the 5-year period 1956-60, compared with total fatalities in the 5-year period 1951-55; together with comparisons of the vehicle miles operated in those same periods.

The following table gives pertinent data as to total vehicle registrations, vehicle-miles, accidents reported, and the consequent fatalities, nonfatal injuries, and property damage for 1958-60:

| Item                                                                                 | Calendar year |              |              |
|--------------------------------------------------------------------------------------|---------------|--------------|--------------|
|                                                                                      | 1960          | 1959         | 1958         |
| Vehicle registrations:                                                               |               |              |              |
| All motor vehicles <sup>1</sup> .....                                                | 73,895,274    | 71,502,394   | 68,209,408   |
| Trucks.....                                                                          | 11,941,071    | 11,670,559   | 11,158,561   |
| Buses.....                                                                           | 272,167       | 265,114      | 270,163      |
| Vehicle-miles compared with preceding year:                                          |               |              |              |
| All motor vehicles—rural roads..... percent.....                                     |               |              | +2.1         |
| Trucks—intercity miles—class I and class II carriers <sup>2</sup> ..... percent..... | +1.0          | +14.0        | -3.0         |
| Buses—intercity miles—class I carriers..... do.....                                  | +0.9          | -1.4         | -5.1         |
| Accidents reported: <sup>3</sup>                                                     |               |              |              |
| Total <sup>4</sup> .....                                                             | 28,750        | 41,516       | 37,268       |
| Property-carrying vehicles <sup>5</sup> .....                                        | 25,319        | 36,967       | 32,782       |
| Passenger-carrying vehicles.....                                                     | 3,463         | 4,592        | 4,518        |
| Fatalities: <sup>3</sup>                                                             |               |              |              |
| Total <sup>4</sup> .....                                                             | 1,767         | 1,830        | 1,571        |
| Property-carrying vehicles <sup>5</sup> .....                                        | 1,633         | 1,686        | 1,408        |
| Passenger-carrying vehicles.....                                                     | 141           | 150          | 177          |
| Nonfatal injuries: <sup>3</sup>                                                      |               |              |              |
| Total <sup>4</sup> .....                                                             | 21,265        | 22,147       | 20,614       |
| Property-carrying vehicles <sup>5</sup> .....                                        | 15,956        | 16,479       | 15,198       |
| Passenger-carrying vehicles.....                                                     | 5,558         | 5,848        | 5,645        |
| Property damage: <sup>3</sup>                                                        |               |              |              |
| Total <sup>4</sup> .....                                                             | \$51,080,150  | \$50,991,940 | \$42,626,030 |
| Property-carrying vehicles <sup>5</sup> .....                                        | \$49,101,130  | \$48,510,950 | \$40,365,150 |
| Passenger-carrying vehicles.....                                                     | \$2,203,160   | \$2,711,940  | \$2,454,970  |

<sup>1</sup> Totals include all publicly owned motor vehicles.

<sup>2</sup> Prior to January 1, 1957, property carriers with annual revenues of more than \$200,000 were classed as class I. Since that date carriers with revenues from \$200,000 to \$1,000,000 are classed as class II.

<sup>3</sup> Prior to 1958 carriers did not report accidents in intrastate operations, although they reported total miles. Beginning with 1958 such accidents were required to be reported.

<sup>4</sup> Each year a number of accidents involve both a truck and a bus. Such accidents are included under both the property-carrying and the passenger-carrying categories. Hence a sum of the figures under these two categories for any item will exceed the "total" figure given.

<sup>5</sup> The truck accidents shown herein were reported only by common and contract carriers, or less than 25 percent of the carriers under our jurisdiction as to safety.

The following table shows changes in deaths and injuries in motor carrier accidents reported by all motor carriers from 1944-60. The increased vehicle mileage data in the chart preceding should be considered when comparing these figures:

| Calendar year             | Fatalities |                      | Injuries |                      |
|---------------------------|------------|----------------------|----------|----------------------|
|                           | Number     | Increase or decrease | Number   | Increase or decrease |
| 1960 <sup>1</sup> .....   | 1,767      | -3                   | 21,265   | -4                   |
| 1959 <sup>1</sup> .....   | 1,830      | +16                  | 22,147   | +7                   |
| 1958 <sup>1,2</sup> ..... | 1,571      | -----                | 20,614   | +10                  |
| 1957 <sup>1</sup> .....   | 1,573      | +5                   | 18,765   | +1                   |
| 1956 <sup>1</sup> .....   | 1,498      | -16                  | 18,518   | -5                   |
| 1955 <sup>1</sup> .....   | 1,774      | +27                  | 19,415   | +17                  |
| 1954 <sup>1</sup> .....   | 1,394      | -17                  | 16,622   | -14                  |
| 1953 <sup>1</sup> .....   | 1,685      | -10                  | 19,388   | -2                   |
| 1952 <sup>1</sup> .....   | 1,877      | -5                   | 19,797   | -10                  |
| 1951.....                 | 1,986      | +14                  | 22,070   | +17                  |
| 1950.....                 | 1,735      | +18                  | 18,906   | +6                   |
| 1949.....                 | 1,471      | -2                   | 17,787   | -5                   |
| 1948.....                 | 1,501      | +9                   | 18,677   | +8                   |
| 1947.....                 | 1,382      | +3                   | 17,367   | +5                   |
| 1946.....                 | 1,338      | +16                  | 16,565   | +15                  |
| 1945.....                 | 1,150      | +2                   | 14,346   | +11                  |
| 1944.....                 | 1,133      | +7                   | 12,921   | +24                  |

<sup>1</sup> Data for 1952-60 relate to accidents which occurred in those years. For previous years, data are for accidents reported during the year indicated.

<sup>2</sup> Prior to 1958, carriers did not report accidents in intrastate operations, although they reported total miles. Beginning with 1958 such accidents were required to be reported.

*Coverage and Handling of Accident Reports*

Accident reports are required from common and contract motor carriers, but private carriers operating in interstate or foreign commerce, although subject to the safety regulations, have not been made subject to the accident reporting requirements. Carriers conducting "exempt" operations are not subject to economic regulation, and are not required to obtain authority from the Commission to operate in interstate or foreign commerce. Such carriers, except those transporting migrant workers by motor vehicle are subject to the accident reporting requirements, and a few of them file accident reports. Although an estimated 37,515 carriers of exempt commodities operated approximately 199,000 vehicles, reports were received of only 864 accidents from them in 1960, compared with 884 accidents in 1959 and 873 in 1958. The 864 reports in 1960 were filed by 439 carriers.

Serious accidents in 1960 involving 408 motor carriers were the subject of intensive staff investigation. Of the total, 292 were authorized carriers, 68 were private carriers of property, 42 were carriers of exempt commodities, and 6 were transporters of agricultural workers or otherwise could not be classified in any of the 3 groups.

Fifteen reports of motor carrier accidents were published. These reports are used extensively by motor carriers, regulatory agencies, insurance companies, and others concerned with highway safety, as accident prevention material.

Two of the reports stated that a carrier's obligation to fulfill its responsibility under the safety regulations is paramount and cannot be evaded because of any obligation assumed under terms of a contract with an employee union.

The following summarizes the location of accidents which were the subject of published reports, the kind of carrier involved, the casualties, and a brief description of the particular accident:

| <i>Report<br/>number</i> | <i>State</i>      |                                                                                                                                                                                        |
|--------------------------|-------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 38-----                  | Pennsylvania----- | Common carrier vehicle collided with State Highway Dept. truck. Three persons killed. This investigation prompted a proceeding looking toward modification of the leasing regulations. |
| 39-----                  | Kansas-----       | Common passenger carrier and contract property carrier. One killed, 5 injured. Responsibility divided.                                                                                 |
| 40-----                  | New York-----     | Private carrier transporting feed. Truck brake failure. Two fatalities.                                                                                                                |

| <i>Report<br/>number</i> | <i>State</i>      |                                                                                                                                                                                                                                          |
|--------------------------|-------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 41-----                  | Iowa-----         | Common carrier. Vehicle overturned. Four injuries. This report included Commission statement requiring carrier acceptance of responsibility regardless of union contract.                                                                |
| 42-----                  | Maryland-----     | Private carrier. Brake failure on mountain highway. Muriatic acid in cargo tanks. Two fatalities. State Highway Dept. improved highway signs.                                                                                            |
| 43-----                  | New York-----     | Private carrier. Brake failure. One killed, 2 injured.                                                                                                                                                                                   |
| 44-----                  | Louisiana-----    | Common carrier. Driver had been drinking. One injured.                                                                                                                                                                                   |
| 45-----                  | New Mexico-----   | Exempt carrier. Fatigued driver, using amphetamine drugs, lost control and collided with bridge. One injured.                                                                                                                            |
| 46-----                  | Alabama-----      | Common carrier of gasoline. Collision with railroad train. Four killed; heavy property damage. Report recommended improved efforts to enforce compliance of laws related to flammable commodity vehicles stopping at railroad crossings. |
| 47-----                  | California-----   | Contract carrier. Collision with passenger car. Four killed, 1 injured.                                                                                                                                                                  |
| 48-----                  | Pennsylvania----- | Private carrier. Driver lost control on steep hill in city. Three killed, 5 injured.                                                                                                                                                     |
| 49-----                  | Florida-----      | Private carrier. Collision with railroad train. One killed, one injured, heavy property damage.                                                                                                                                          |
| 50-----                  | Pennsylvania----- | Vehicles of three common carriers on Pennsylvania Turnpike. Fatigued driver failed to notice disabled vehicle. Third tractor trailer collided with wreckage. Two injuries.                                                               |
| 51-----                  | Arkansas-----     | Common carrier of passengers. Bus steering gear failure. Eighteen injuries.                                                                                                                                                              |
| 52-----                  | Wisconsin-----    | Common carrier vehicle, without driver, rolled from parked position, colliding with house. No injuries.                                                                                                                                  |

#### ***Explosives and Other Dangerous Articles—Motor***

We initiated a proceeding looking toward implementation of Public Law 710, 86th Congress, approved September 6, 1960, which modified the Transportation of Explosives and Dangerous Articles Act (Title 18, U.S.C. 831-835). The act applies equally to common, contract, and private carriers of property by motor vehicle. In addition, it declares our jurisdiction with respect to intrastate transportation of dangerous commodities when transported by interstate carriers or commingled with interstate traffic.

Only one accident in which explosives detonated while in transit by motor vehicle came to our attention during the year. It occurred June 13, 1961, near Stockton, Calif., on U.S. Highway 99. A tractor-semitrailer transporting class B explosives consisting of military ammunition in intrastate commerce caught fire when an inside tire on the trailer became flat and overheated. Although the fire and explosion of ammunition continued for approximately  $1\frac{1}{2}$  hours, no fatalities or injuries resulted. It was the first explosion to occur in the transportation of explosives by motor vehicle since the August 7, 1959, explosion of blasting materials on the truck of a private motor carrier in Roseburg, Oreg.

The U.S. Bureau of Mines reports that in 1960 1,169,792,941 pounds of industrial explosives were consumed in the United States. This figure includes ammonium nitrate blasting agents which are classified as oxidizing materials and not as explosives under our regulations. The Institute of Makers of Explosives estimates that 632 million pounds of explosives (including ammonium nitrate) were moved from manufacturers' plants by motor vehicle, compared with an estimated 582 million pounds in 1959 and 586 million pounds in 1958. Information as to the volume of explosives transported locally from magazines to consumers is not available.

Some accidents occurred in the transportation by motor vehicle of other dangerous commodities. One semitrailer collapsed when transporting cylinders of hydrocyanic acid in Louisiana in April 1961, and another collapsed while transporting radioactive uranium bars in Southern Indiana on June 30, 1961. A number of accidents with major property damage resulted from the collision of railroad trains with motor vehicles transporting gasoline, other petroleum products, and compressed gases. In every instance, the motor vehicles were operating in intrastate service. On February 6, 1961, we instituted a general investigation in Docket No. 33440 to determine the causes and possible remedies for accidents at rail-highway grade crossings between trains and motor vehicles transporting dangerous commodities.

We also instituted a proceeding looking toward requiring private carriers of specified dangerous commodities to identify themselves to us and report annually the extent of their operations and whether accidents had occurred.

With the advent of tank trucks for cryogenic materials, requests were received for authority to transport certain chemicals and gases at subzero temperatures in order to reduce their vapor pressure. Lighter tanks thus can be used, with a resulting increase in payload. Transportation of two flammable gases under these conditions was authorized in experimental and controlled service.

*Insurance*

A motor carrier and a freight forwarder were granted authority to self-insure, and two motor carriers were granted authority to discontinue their self-insurer status. We shall continue to review the financial position of these former self-insurers until the claims which arose during the time they were self-insured have been cleared. The financial position of all self-insurers previously holding authority has been analyzed, and we are satisfied that they may continue to hold such authority.

On June 21, 1961, the Commission ordered that the rules and regulations governing designation of process agents by motor carriers and transportation brokers become effective August 11, 1961. These are the first rules and regulations promulgated under section 221 of the act. They are expected to be of great assistance in our program of bringing all authorized motor carriers and brokers into compliance. During the year, 9,802 Designation of Process Agent forms were received and processed.

During the year, 17,242 certificates of insurance and surety bonds and 10,940 notices of cancellation were received, examined, and filed. As of June 30, 1961, approximately 18,953 motor carriers and 85 freight forwarders had security on file covering bodily injury and damage liability for the protection of the public. In addition, 15,283 motor common carriers of property and 90 freight forwarders furnished cargo insurance covering their liability for loss or damage. There are 229 surety bonds executed in behalf of transportation brokers to ensure financial responsibility in their arranging for authorized motor transportation.

**MEDALS OF HONOR**

One application under the Medals of Honor Act (45 U.S.C. 44-46) involving a railroad incident was received and is under investigation.

Since February 23, 1905, the date of enactment of the Medals of Honor Act, 119 applications for medals involving railroad incidents have been received. Of these, 72 were granted, 45 were denied, and two are pending.

No application involving a street or highway incident was received. No medal has yet been awarded under the highway provisions of the act, although six applications have been made.

## STANDARD TIME ZONES

The series of proceedings pending in No. 10122, *Standard Time Zone Investigation*, referred to in our last two annual reports, have been concluded. Effective July 23, 1961, a major change in the boundary line between the eastern and central zones was made by an order entered with our 35th supplemental report in this investigation. The order extended the eastern zone to embrace 43 counties in eastern Indiana, and 15 counties in middle Kentucky, including the Fort Wayne, Indianapolis, and Louisville metropolitan areas. At the same time, proposals for the further extension of the eastern zone to include the South Bend, Kokomo, Bloomington, Lafayette, and other areas in central and western Indiana, the Bowling Green area in Kentucky, and the entire Nashville trade area in middle Tennessee were rejected. (314 I.C.C. 101)

Our authority in time matters is found in the Standard Time Act, 15 U.S.C. 261-265, enacted in 1918, 40 Stat. L. 450, "for the purpose of establishing the standard time of the United States." It divides the territory of continental United States into five zones—the eastern, central, mountain, Pacific, and Alaska zones. The act places upon us the duty of defining the limits of the zones "having regard for the convenience of commerce and the existing junction points and division points" of interstate common carriers, and authorizes us to modify those limits from time to time.

In addition to establishing and specifying the precise basis for the standard time of each of the zones, the act provides that the standard time of the respective zones as fixed by our orders shall govern the movement of all common carriers engaged in interstate or foreign commerce, the time of performance of any act by any officer or department of the United States, and the time within which any rights shall accrue or determine, or within which any act shall or shall not be performed by any person subject to the jurisdiction of the United States.

The Standard Time Act contains no provision for its enforcement nor penalty for its violation. In fact, its scope and purpose, as interpreted by the courts, are reduced to the establishment of a convenient system of time standards which may be used or ignored at will. Where the standards of time provided by the Standard Time Act are observed, they derive their sanction from local usage or State statutes or municipal ordinances, not from the Federal act.

Whenever Federal and local standards differ, it has been impossible to confine them within their respective constitutional spheres, and local standards inevitably control. Federal officers and agencies generally conform to the local standards.

Following the repeal of so-called war time at the close of World War II, the usual shift to local daylight saving again took place and has since spread to areas with a total population of about 98,000,000, comprising all or portions of 28 States and the District of Columbia. At least 13 of these States provide for statewide observance of daylight time by law. In addition to these widespread departures for a part of the year, there are numerous permanent departures where the faster standard is regularly observed west of the boundary line or the slower standard observed east of the boundary line. In Alaska, four different standards are observed, although only one is provided by the Standard Time Act. According to our best information, there are only 16 States (7 southern States, 8 western States, and Hawaii), with about one-third of the area and slightly more than one-fifth of the population of the country, in which the zone standard time is observed throughout the State for the entire year.

For the past 30 years we have been directing the attention of Congress to the inadequate scope of the Standard Time Act, as interpreted by the Supreme Court in *Massachusetts State Grange v. Benton*, 272 U.S. 525, and have recommended that Congress enact further legislation so as completely to occupy the field respecting time standards and fulfill the original purpose of the Standard Time Act "of establishing the standard time of the United States." Numerous bills have been introduced in the various sessions which would have accomplished that result, and hearings have been held on some of them, but no additional legislation has been passed. The growing inconvenience, confusion, and sometimes danger, resulting from this time situation would seem too great a price to pay merely to preserve the right of local option in matters of standard time.

In more recent years, we have stressed the utter futility of attempting to maintain a system of Federal time standards in the face of the serious conflicts and confusion caused by the widespread departures due to local option, and we have recommended that, unless Congress broadens the scope of the Standard Time Act and strengthens its provisions for administration and enforcement, it should abandon the separate system of Federal standards altogether, and leave the field entirely to local authorities. See particularly our 65th Annual Report, dated November 1, 1951.

The proceedings just concluded, involving standard time in Kentucky, Tennessee, and Indiana, illustrate the great difficulties attending our efforts to deal with the many issues brought before us for con-

sideration as bearing upon the convenience of commerce, and our impotence to deal adequately with those issues under the existing law.

All three of those States had stringent time statutes which, under severe penalties, forbade the observance of a time different from the legal time therein provided. Kentucky and Tennessee have been partly in the eastern and partly in the central zone, and in both instances their State time laws specifically referred to our orders as determinative of the legal State standard and the dividing line between the two zones. The Kentucky statute was held unconstitutional by the State courts because, among other things, it was considered an attempt to delegate to this Commission the State legislative authority to determine the standard time for the State. However, similar language in the Tennessee statute was upheld in the State courts. In Indiana, which had long been in the central zone, the State legislature, following an official referendum on the question, amended its statute so as to provide for daylight saving for 5 months, but during the pendency of the Indiana proposal before us, repealed the entire statute, apparently so as to leave us free to solve the local problem which had caused so much confusion and controversy.

Certain important legal issues were raised in these proceedings. For example, our constitutional authority to consider matters other than those directly affecting interstate commerce was seriously questioned on the ground that the congressional authority to fix standards of time is confined to the powers granted in the Commerce Clause. We held that the Federal authority was not so limited, but is derived also from the Standards of Weights and Measures Clause and possibly other constitutional provisions, not confined to interstate commerce. *Massachusetts State Grange v. Benton*, 10 F.(2d) 515 (1925), affirmed in 272 U.S. 525; and *United States v. Porter*, 12 F. Supp. 234 (1935). Another disputed point concerns our consideration of geographical location—specifically longitude and the differences between the proposed standard time and local mean astronomical time. The contention is that, while the act refers to mean astronomical time, such reference is only for the purpose of prescribing the standard time for each zone and is not to be taken as restricting the geographical limits of the zones. While we rejected this theory, it illustrates our difficulty in administering an act vitally affecting the welfare and social habits of the people with a single general standard as our only guide; namely, “the convenience of commerce.”

Another problem concerns the national defense. Certain Federal officers and engineers urged the establishment of a faster standard on the ground that it would make available more daylight for training National Guard units and would result in benefits to important national defense projects by shortening the evening peakload of power

consumption, thus permitting greater use of the high-powered electrical machinery operated in the defense plant located in the area. While we appreciate the seriousness of these considerations, we do not believe it is within our authority to establish "fast" time for such a purpose.

We again renew our recommendation that Congress reexamine the entire field of standard time for the purpose of determining (1) whether there is need for a Federal law fixing time standards for the United States; (2) whether the Standard Time Act should be repealed or should rather be broadened in scope and strengthened by the addition of more definite standards, requirements for observance, penalties for violation, and provisions for administration and enforcement; and (3) whether this Commission is the most appropriate agency to administer the provisions of the existing law or any future law relating to standard time.

## ACCOUNTING, COST FINDING AND VALUATION

There were 4,801 carriers subject to the Commission's accounting regulations. Their numbers and classes are shown in the following table:

|                                                               |        |
|---------------------------------------------------------------|--------|
| Railroads, class I.....                                       | 105    |
| Railroads, class II.....                                      | 301    |
| Railroad switching and terminal companies.....                | 194    |
| Railroad lessor companies.....                                | 149    |
| Motor carriers (passenger).....                               | 210    |
| Motor carriers (property): class I—1,107; class II—2,373..... | 3, 480 |
| Oil pipelines.....                                            | 88     |
| Water lines.....                                              | 132    |
| Electric lines.....                                           | 24     |
| Freight forwarders.....                                       | 60     |
| Refrigerator car lines.....                                   | 8      |
| Express companies.....                                        | 2      |
| Sleeping car company.....                                     | 1      |
| Stockyard companies.....                                      | 43     |
| Holding companies.....                                        | 4      |
| Total.....                                                    | 4, 801 |

In addition, periodic reports are received from the following types of carriers and carrier organizations for which accounting regulations have not been prescribed:

|                                                                            |         |
|----------------------------------------------------------------------------|---------|
| Car lines (companies which furnish cars for use on lines of railroads).... | 176     |
| Class II and class III motor carriers of passengers.....                   | 908     |
| Class III motor carriers of property.....                                  | 12, 273 |
| Water carriers (less than \$100,000 gross revenue).....                    | 109     |
| Freight forwarders (less than \$100,000 gross revenue).....                | 21      |
| Holding companies (motor).....                                             | 25      |
| Street electric lines.....                                                 | 7       |
| Rate bureaus and organizations.....                                        | 61      |

## REGULATING ACCOUNTS

A general revision of the uniform system of accounts for railroad companies was undertaken for the purpose of providing adequate and comprehensive rules covering accounting to be performed and disclosures to be made in financial statements and other reports of the companies in the light of new and developing changes in the transportation industry. Principal matters for which issuance of new or revised rules have been found desirable and necessary are the many large mergers already consummated and those that may occur in the future; corporate reorganizations and other adjustments of capitali-

zation; various types of employees' pension and health and welfare plans; construction projects in which governmental agencies and carriers participate, such as reconstruction and relocation of tracks which occur in connection with flood control projects and elimination of grade crossings; abandonment of surplus tracks; and development of various forms of piggyback services by railroads, motor carriers, and freight forwarders. Cost of services has become a primary factor in ratemaking, and comprehensive classification of supporting accounting data are essential in determining such costs.

A revision of the rules governing destruction of records by pipeline companies was undertaken in an effort to reduce the period of time those companies will be required to retain voluminous documents and papers. The process of photographing documents and records has been developed to the state where it can be utilized in lieu of original records, thereby making space available for other purposes and saving storage costs.

The accounting regulations applicable to motor carriers were amended to provide that amounts paid for operating rights or other intangibles purchased from a predecessor company or acquired in a merger of two or more companies may be retained in the accounts and reported in financial statements under total assets to the extent that the intangibles retain a real value. The requirement that purchasers amortize the amount assigned to intangibles immediately or over a period of 5 to 10 years was found to be unrealistic.

A total of 359 statements submitted by motor carriers showing cash expenditures, securities issued, and other details pertaining to purchase of property of other carriers and the related accounting entries in the books of the purchaser were examined and verified for correctness consistent with the authority granted in the finance proceeding under the provisions of the Interstate Commerce Act.

In response to applications of carriers, special accounting rules were issued, after investigation, in 38 cases involving unusual transactions not sufficiently covered in the accounting rules. These cases involved, among others, mergers of properties and control of stock through purchase or pooling of capital stock; extensive programs for rebuilding cars and extending their useful life; and abnormal losses due to abandonment of surplus track no longer needed in transportation operations.

Meetings were held by the accounting staff with committees of accounting officers and with the special committee of the American Institute of Certified Public Accountants to discuss and reconcile, as far as practicable, certain differences which arise as a result of our emphasis on uniformity in industry-wide accounting, in contrast with the latitude exercised by management in the case of nonregulated

companies, particularly with regard to financial statements in reports to stockholders. In some instances, representations have been made that divergencies exist between the Commission's accounting regulations and "generally accepted accounting principles." Such asserted differences are not numerous, and in our meetings with the representatives of carriers and public accountants progress has been made in reconciling these divergencies. In some instances procedures have been designed for disclosures of information that satisfy our requirements for ratemaking and other regulatory purposes and at the same time serve the overall needs of the carriers.

### COST FINDING

The following cost studies were published:

1. *Cost of Transporting Freight by Class I and Class II Motor Carriers of General Commodities, Southwest Region—1958 Operations Adjusted to Reflect 1959 Level of Costs, Statement No. 3-60.*
2. *Cost of Transporting Freight by Class I and Class II Motor Common Carriers of General Commodities, Rocky Mountain Region—1959, Statement No. 6-60.*
3. *Cost of Transporting Freight by Class I and Class II Motor Common Carriers of General Commodities Performing Transcontinental Service—1959, Statement No. 7-60.*
4. *Cost of Transporting Freight by Class I and Class II Motor Common Carriers of General Commodities, Pacific Region—1959, Statement No. 8-60.*
5. *Cost of Transporting Freight by Class I and Class II Motor Common Carriers of General Commodities, Central Region—1959, Statement No. 1-61.*

These 5 studies, which were based principally upon the operations of motor common carriers assigned to the respective regions, contain data indicating: (1) average unit costs for the various services performed by the carriers; and (2) cost scales by weight of shipment and by length of haul for single-line movements, interline movements, and weighted average for all movements. They describe procedures for constructing the costs for individual movements of traffic by adjusting the unit costs to reflect differences in operating practices such as platform-handling operations, amount and type of pickup and delivery services, the effect of density, round trip load giving effect to weight and space occupancy, and other factors which may cause the costs for particular services to be different from the territorial average.

6. *Distribution of the Rail Revenue Contribution by Commodity Groups—1958, Statement No. 4-60.* This study provides a comparison of carload revenues and costs by commodity classes and groups.

It indicates how the transportation burden is distributed and the extent to which revenues derived from the various commodity groups exceed or fail to equal out-of-pocket costs. This is now thus subject to further review.

7. *Rail Carload Cost Scales by Territories for the Year 1959, Statement No. 5-60.* Rail carload freight service costs are furnished separately for the eastern district, Pocahontas region, southern region, and western district based on rail carriers' operations in 1959. The costs are computed by type of car, by weight of net load, and by length of haul. Factors for adjusting these costs to reflect other than territorial average operating conditions are provided. Such adjustments are for the actual number of interchange handlings, rather than including the interchange expense as part of the line-haul costs; changes in switching costs to vary the switch-engine-minutes per car and the car-days in switching service; and variations in the percent of empty return of equipment.

Analyses of cost evidence were made in 118 formal and investigation and suspension proceedings. These cases included charges on a wide variety of individual commodities moving by railroads, motor, barge, and coastal water carriers, rail divisions, switching charges, commutation fares by railroads and by bus, increased railway mail pay, trailer-on-flatcar rates, and general increases in motor carrier rates. In addition to the above analyses, members of the section prepared and introduced cost evidence in proceedings involving railroad rates on fresh vegetables, canned and preserved foodstuffs, passenger fares, minimum charges per car, and motor carrier rates on iron or steel scrap.

Members of the section attended numerous conferences with the Post Office Department and rail representatives relative to developing procedures for collecting data and presenting cost information in future railway mail pay proceedings. Other meetings were held with barge and coastal and intercoastal carriers' representatives to obtain additional information needed to design a separate cost formula for each of these groups of carriers. Substantial progress was made in both of these fields. Conferences with representatives of foreign countries regarding cost procedures also were attended.

Cost data were prepared for the Board of Suspension in connection with 2,645 suspension requests involving proposed changes in 12,268 rail, motor, and water individual point-to-point rates. In addition, analyses of cost data submitted by motor carriers in justification of general rate increases were made in 29 cases. The Board of Suspension also received assistance as to cost matters in 23 rail, 31 motor, and 12 water cases where petitions seeking reconsideration of previous Board action were involved.

The special study data requested from the railroads for the investigation of per diem charges were received and were being checked prior to tabulation. A test application of a proposed formula was completed and distributed to an industry advisory committee on per diem costs. A study to develop costs of formerly exempt commodities was in progress. Special study forms were forwarded to 663 class I and II and 739 class III motor carriers that indicated they handled these commodities. This study will provide information which will assist in establishing a rate scale for these commodities. A motor traffic and cost study for the Central States region was prepared and distributed to the parties of record. Additional separations of the data are in progress and will be introduced in evidence. A study of the divisions of motor carrier through rates was prepared for another proceeding.

A study was being made of loaded and empty car-miles by type of equipment for use in cost work. It was based on data furnished by all class I railroads for 7 test days.

Preliminary plans are being made for a program which will develop rail costs by use of data processing equipment.

The preparation of motor carrier (freight) cost studies for use in various proceedings and investigations is continuing as rapidly as the size of our staff will permit. A study of 137 carriers in the middle Atlantic region was well underway. Preliminary plans for similar studies in the eastern-central territory, in the southern region, in the south-central territory, and in the east-south territory, also were drawn.

The cost finding procedures are under continuing examination in order to maintain simplicity and flexibility to meet the range of operating conditions for which costs of service are desired. Aside from the use of costs within the Commission, there has been an increasing demand for results of the motor and rail cost studies from other governmental agencies, State regulatory bodies, shippers, carriers, educational institutions, industry associations, foreign governments, and others concerned with transportation subjects.

#### FIELD EXAMINATIONS AND INVESTIGATIONS

The records of 1,331 carriers subject to our accounting rules were inspected by the field auditors. Among them were 130 railroads, 1,121 motor carriers, and 80 other types of carriers. This represents an increase of 90 over the previous year, and embraces 28 percent of the 4,801 carriers subject to our accounting rules. However, since the greatest portion of the total number of carriers examined is made up of the larger railroads and motor carriers, the examinations actually represent carriers which produce more than 50 percent of the total revenue of all carriers. The accounting examinations

uncovered strong indications of unlawful activities by 18 carriers. The findings were reported to the Bureau of Inquiry and Compliance for appropriate action.

The field staff also examined the valuation records and made selective followup inspections of the properties of 20 class I railroads, 38 other railroads, and 20 oil pipeline companies. Special examinations were conducted at the request of other bureaus and other departments of the Government in 37 cases. These investigations were made for the purpose of obtaining specific data for use in law enforcement proceedings.

### VALUATION AND DEPRECIATION

During the year, a total of 217 reports covering changes in the property of pipelines, and class I railroads and switching and terminal companies were reviewed and processed.

Reports were prepared and approved by the Commission establishing final values for ratemaking purposes of the properties of 75 pipeline companies. The combined value of the properties used in pipeline transportation service was \$2.7 billion.

In addition, statements were prepared reflecting selected elements of value of the property of 150 class I railroads and switching and terminal companies. The December 31, 1959, compilation reflects the following dollar amounts for the elements identified: original cost (not including land) \$32,880,544,000; cost of reproduction new \$74,821,588,000; cost of reproduction less depreciation, \$47,508,695,000; estimated present value of land \$2,085,472,000; and working capital \$574,557,000.

Construction indices, reflecting construction and procurement price relationships for selected years, were also prepared for carriers by railroad and pipeline.

Proposed simplified valuation reporting requirements for railroads were prepared and discussed with industry representatives with the view of alleviating the valuation reporting burden of the railroads and lessening the valuation recordkeeping function of the Commission.

Because of the magnitude of an undertaking to arrive at an estimate of the present value of carrier land under the Commission's present concept of requiring that all such land be field appraised, a substitute method for use in arriving at such values was made the subject of extensive research.

Reporting regulations were simplified for carriers by pipeline whose properties are to be initially valued by the Commission. The revised regulations consolidated into one order instructions previously prescribed in three orders, discontinued certain detailed reporting require-

ments, and reduced from eight to five the number of reporting forms required to be filed.

A study was made for the Office of the Undersecretary for Transportation, Department of Commerce, to develop the estimated cost of reproduction new of all property, except land, owned and used by class I railroads. This study embraced the years 1920 to 1958, inclusive. The following table, stated in terms of 1958 average railroad construction costs, illustrates the significance of the comparative results of the study:

|                                   |                     |
|-----------------------------------|---------------------|
| Year ended December 31, 1920..... | \$72, 814, 000, 000 |
| Year ended December 31, 1930..... | 81, 326, 000, 000   |
| Year ended December 31, 1958..... | 74, 792, 000, 000   |

Other significant valuation work performed during the year included a preliminary engineering study of the life expectancy of freight cars and the determination of the cost of reproduction new and cost of reproduction less depreciation of such cars and other property, for use in connection with the establishment of per diem rates. Also of particular significance was an engineering study which was made to identify and to evaluate the effect of the deferred maintenance practices of the New York, New Haven and Hartford Railroad.

Under the continuing responsibility of the Commission for determining the classes of property for which depreciation charges may be included by carriers in operating expenses, and the rate or rates of depreciation to be used in connection therewith, 28 formal orders and 352 informal directives were issued prescribing or approving depreciation rates. During the calendar year 1959, the application of Commission approved or prescribed depreciation rates resulted in charges in the operating expense account of railroads, pipelines, and carriers by water of an amount exceeding three-quarters of a billion dollars.

## ECONOMIC RESEARCH AND STATISTICS

The carriers regulated by the Commission file periodic reports with it from which the Commission publishes general and detailed operating, traffic, and financial data after review and tabulation. Economic studies and special analytical evaluations are prepared to assist the Commission in its regulatory functions and in response to requests from the Congress. Government agencies, carriers, labor, and the general public have made extensive use of these studies, analyses, and statistical publications.

### REPORTING AND STATISTICS

During the year, the Bureau of Transport Economics and Statistics received and processed a total of 93,368 reports, consisting of 16,682 annual, 42,840 quarterly and monthly reports, and 33,846 reports covering train and train-service accidents. This volume was somewhat greater than that of the preceding year, reflecting in part the increase in railroad accident reports occasioned by the amended Accident Reports Act, Public Law 86-762, approved September 13, 1960.

This amendment, which broadened the scope of reportable railroad accidents, was jointly supported by railroad labor and management, and by the Commission. Staff conferences which led to agreement on the amendment also resulted in recognition by those concerned of the need for general revision of the railroad accidents reporting rules. At the close of the year considerable progress toward this end had been made.

The Bureau continued its program of review and evaluation of the financial and statistical reports prescribed by the Commission for various modes of transportation, with primary emphasis on the elimination of obsolete or unnecessary data from reports and the reduction in frequency of reports.

The filing of monthly supplemental rail failure report Form R, "Report of Railroad Accidents," was discontinued, effective January 1, 1961. Seven class I railroad monthly operating statistical reports, Forms OS-A, B, C, D, E, F, and APT, were placed on a quarterly basis effective January 1, 1961. At the close of the fiscal year, consideration was being given to changing the frequency of several monthly reports and to the elimination or consolidation of other reports.

Annual report Forms C and E, prescribed respectively for motor carriers of property and passengers with average annual operating revenues under \$200,000, were revised to require the reporting of less statistical detail by approximately 13,200 of these small motor carriers. Class I railroads were relieved from reporting 16 pages of duplicate freight commodity and employee data in annual rail Form A. Also, instructions for several other schedules in rail, water carrier, and other annual report forms were revised to provide higher minimums for reporting or grouping of data.

The regular series of publications prepared from a 1-percent sample of waybills for carload traffic terminating on class I railroads was continued. Numerous requests were received from the transportation industry, Government agencies, research agencies, and other private business for sample waybill data on traffic flow, rate structures, and revenues. The information requested was for use in rate hearings, traffic studies, engineering surveys, and market research.

Efforts to improve further the quality of data derived from the waybill sample continued. Visits to accounting offices of railroads have helped to minimize error by improving the selection of waybills by the railroads, and by providing an on-site opportunity to resolve sampling problems incident to certain specific traffic movements. Substantial progress was made in the development of electronic computation of short-line mileages, which are needed as the distance factor for each waybill in the sample. As of the end of the fiscal year 1961, approximately 80 percent of the sample waybills were being miled electronically. Compared with manual determination of short-line distance, mileages computed electronically are more accurate, less expensive, and obtained much more rapidly.

In addition to refinements in the waybill sample program, modern sampling and other statistical techniques were employed for development and analysis of data for Commission purposes.

### ECONOMIC RESEARCH AND ANALYSIS

Resources of the economic research staff were applied increasingly and more specifically to economic aspects of problems of immediate concern to the Commission, and to investigation of the economic significance of longer range developments in the transportation field concerning which information is required by the Commission for the performance of its regulatory and administrative functions. There were in progress at the close of the fiscal year studies of the economic significance of railroad consolidations and mergers, the economic implications of new departures in ratemaking with first emphasis on piggyback rates, and comparisons of railroad freight revenue with wholesale value of commodities at destination.

In addition, the staff met an increasing number and variety of requests for economic analyses, evaluations, and information originating within the Commission or resulting from inquiries from congressional committees, executive departments, and other agencies of Government, as well as from industry and other nongovernmental groups and organizations. Material prepared in response to such requests included analyses indicating the extent and causes of the decline of common carriers, economic analyses of legislative proposals, evaluations of statistical data and of interpretations of data, and the preparation of verified statements and of economic background information for use in connection with Commission hearings and investigations.

Staff members participated in conferences with representatives of various outside groups and agencies at which major economic and policy problems of interest to the Commission were examined.

Other services of the research staff included preparation of material for the monthly publication, *Transport Economics*, which features brief analyses of current financial and operating data, annual publications analyzing railroad and rail-highway grade-crossing accident statistics, and special analyses of statistical material which are released as the data become available.

## ENFORCEMENT AND COMPLIANCE

Seven hundred criminal and civil cases were concluded in the courts, with fines and forfeitures amounting to \$686,316. The Bureau of Inquiry and Compliance instituted or took part in 1,267 investigations. Investigations related to motor-carrier enforcement were mostly conducted by field personnel of the Bureau of Motor Carriers, while investigations and court proceedings related to violations of the railroad safety laws were handled by the Bureau of Safety and Service.

### RAIL, WATER, AND FORWARDER ENFORCEMENT

The Section of Rail, Water, and Forwarder Enforcement of the Bureau of Inquiry and Compliance is engaged primarily in the enforcement of the penal provisions of parts I, III, and IV of the Interstate Commerce Act and of related statutes, except for safety. The related statutes include the Elkins Act, portions of the Clayton Antitrust Act, and the Transportation of Explosives and Other Dangerous Articles Act. In addition, this section participates in proceedings before the Commission involving administrative enforcement, interpretation, adjudication, and rulemaking, and also is called upon to undertake special assignments.

The staff of special agents of the bureau conducted approximately 240 investigations of purported violations of the act and related statutes by both carriers and shippers. Based upon the investigations, criminal informations, complaints, and indictments were filed against 55 defendants for various violations, and fines aggregating \$120,850 were imposed.

In the enforcement program, offenses occurring in connection with railroad piggyback operations appeared for the first time. Extensive investigations in this field indicate a need for close Commission surveillance. It was found, for example, that certain railroads were not observing provisions of their trailer-on-flatcar tariffs pertaining to the preparation of shipping documents and the loading of trailers. Two railroads were adjudged guilty in criminal cases of failing strictly to observe such tariff requirements in violation of section 1 of the Elkins Act. Another criminal case in the piggyback field involved a large motor carrier and an affiliate corporation allegedly operating as a shipper's agent under the exemption provisions of section 402(c)(2) of the act. The investigation disclosed that the motor carrier, through its affiliate, tendered to the railroad in piggyback service

freight which the motor carrier had received for motor carrier transportation service, and that the affiliate corporation (whose employees were those of the motor carrier) had knowingly falsified the weights of the shipments tendered to the railroad by very substantial amounts. Both the affiliate corporation and the motor carrier were adjudged guilty of violations of the Elkins Act for soliciting and receiving concessions. In another instance, a shipper association, purportedly operating under the exemption provisions of section 402(c)(1), was adjudged guilty of violations of the Elkins Act by soliciting and receiving concessions through falsely declaring the weight on trailer-on-flatcar shipments. Substantial fines were imposed for these violations.

There were several cases involving false billing practices. Particularly interesting was the decision of the United States Court of Appeals for the Fourth Circuit (288 F. (2d) 232) affirming the conviction and judgment entered in the lower court against a shipper charged with soliciting and receiving concessions with respect to interstate shipments in violation of the Elkins Act through the device of understating the actual value of goods shipped under the railroad tariff assessing freight charges upon an "actual value" basis. In rejecting the defendant's contention that inventory costs constituted the actual value of goods consigned to itself for delivery to a purchaser, the court referred to Commission decisions as lending strong support for the district court's judgment. The Commission cases cited by the court held that the manufacturer's selling price before payment of freight charges, rather than bare manufacturing costs, constituted the proper basis for freight classification purposes. The court also rejected the argument that the term "actual value" as used in the tariffs was too vague and uncertain to sustain criminal charges. In another false-billing case a shipper was adjudged guilty of soliciting and receiving an advantage from a freight forwarder in violation of section 1 of the Elkins Act. The tariffs of the freight forwarder and the railroad specifically excluded transportation of the articles being shipped. By falsely billing the shipments, the shipper caused the freight forwarder unknowingly to arrange for freight rail transportation of the contraband.

Prosecutions of railroads, shippers, and freight forwarders for granting and receiving concessions through failure to assess and collect demurrage charges, through false declaration of dunnage, and by misdescription of shipments were also successfully concluded. Uniform Freight Classification Rule 34 was the device employed by one carrier and a large shipper of light and bulky articles in granting and receiving concessions. In that case the carrier permitted the shipper to order and load 50-foot cars and to misstate on its bills of lading, which formed the basis of the freight charges assessed, that

40-foot cars were ordered and that 50-foot cars were furnished by the carrier for the latter's convenience. Substantial fines were imposed upon both the carrier and the shipper. One water carrier was prosecuted for operating beyond the scope of its certificate, and in another water carrier prosecution, the constitutionality of certain portions of part III of the act was raised through a motion to dismiss the criminal information. The motion has been argued and is awaiting decision.

There was an increase in the number of reports received from the Bureau of Safety and Service of violations by railroads and railroad employees of the Commission's Regulations Governing the Transportation of Explosives and Other Dangerous Articles. Criminal charges involving such violations were concluded against 29 defendants.

In the field of administrative proceedings before the Commission, the Section of Rail, Water, and Forwarder Enforcement furnished counsel to act on behalf of the Bureau of Safety and Service for the purpose of presenting testimony and exhibits, and the filing of appropriate pleadings in support of a proposed new section of the Commission's Rules, Standards and Instructions for Signal Systems pertaining to "Locking hand-operated switches." The Commission adopted the proposed rule which in the future will eliminate many administrative proceedings by writing into the new rule exceptions which carriers previously were required to seek through petition to the Commission. The section also was called upon to furnish counsel for the purpose of introducing cost testimony and exhibits prepared by the Bureau of Accounts in another Commission proceeding, and to supply counsel to participate as a member of a team of three Commission staff employees constituted to make an emergency investigation into an alleged abandonment of service by a New England rail carrier without Commission approval.

The section continued its participation in a number of investigation proceedings instituted by the Commission on its own motion into and concerning freight forwarding activities of purported shipper associations which claimed to be exempt from regulation under the provisions of section 402(c) of the act. In these cases it presented evidence, submitted briefs and other appropriate pleadings, and participated in oral argument before a division of the Commission. It also is participating in proceedings concerning acquisition of control of one carrier by another under section 5 of the act.

The following table shows for this section the number of investigations, court proceedings, and Commission proceedings on hand at the beginning of the year, commenced and concluded during the year, and pending at the end of the year.

*Rail, water, and forwarder enforcement (except safety)*

|                                 | Rail | Water | Forwarder | Total |
|---------------------------------|------|-------|-----------|-------|
| Investigations:                 |      |       |           |       |
| On hand beginning of year ..... | 195  | 15    | 34        | 244   |
| Commenced during year .....     | 186  | 18    | 30        | 234   |
| Concluded during year .....     | 212  | 9     | 19        | 240   |
| Pending at end of year .....    | 169  | 24    | 45        | 238   |
| Court proceedings:              |      |       |           |       |
| On hand beginning of year ..... | 40   | 2     | 2         | 44    |
| Commenced during year .....     | 69   | 1     | 0         | 70    |
| Concluded during year .....     | 46   | 2     | 0         | 48    |
| Pending at end of year .....    | 63   | 1     | 2         | 66    |
| Commission proceedings:         |      |       |           |       |
| On hand beginning of year ..... | 8    | 0     | 6         | 14    |
| Commenced during year .....     | 1    | 1     | 0         | 2     |
| Concluded during year .....     | 5    | 0     | 0         | 5     |
| Pending at end of year .....    | 4    | 1     | 6         | 11    |

**RAILROAD SAFETY ENFORCEMENT**

Court proceedings handled by the Bureau of Safety and Service involved railroad violations of the Safety Appliance Act, Hours of Service Law, the Accident Reports Act, the Signal Inspection Law, and the Locomotive Inspection Act. The following summary shows the number of cases concluded and fines imposed under these statutes, during the fiscal year ended June 30, 1961.

| Act                                | Cases concluded | Fines imposed |
|------------------------------------|-----------------|---------------|
| Safety Appliance .....             | 243             | \$203,250     |
| Hours of Service .....             | 39              | 30,900        |
| Accident Reports .....             | 14              | 5,300         |
| Signal Inspection .....            | 4               | 2,000         |
| Locomotive Boiler Inspection ..... | 2               | 1,000         |

**MOTOR CARRIER ENFORCEMENT**

Enforcement actions related to transportation subject to part II of the act are handled by the Section of Motor Carrier Enforcement.

Fines and forfeitures imposed totaled \$565,466.00, of which \$515,431.00 was required to be paid.

The following table for the period from July 1, 1960, to June 30, 1961, shows the number of investigations, court and Commission proceedings, applicant fitness automobile and garment carrier applications, and racial discrimination and practitioner cases on hand at the beginning of the year, commenced and concluded during the year, and pending at the end of the year.

|                                 |                    |
|---------------------------------|--------------------|
| Investigations:                 |                    |
| On hand beginning of year ..... | 802                |
| Commenced during year .....     | <sup>1</sup> 1,202 |
| Concluded during year .....     | <sup>1</sup> 1,027 |
| Pending at end of year .....    | <sup>2</sup> 977   |

<sup>1</sup> Includes final investigation of motor carrier violations made by field personnel of the Bureau of Motor Carriers.

<sup>2</sup> Includes 449 completed final reports in the possession of the bureau attorneys.

|                                                                |                 |
|----------------------------------------------------------------|-----------------|
| Court proceedings:                                             |                 |
| On hand beginning of year.....                                 | 430             |
| Commenced during year.....                                     | 710             |
| Concluded during year.....                                     | 652             |
| Pending at end of year.....                                    | 488             |
| Commission proceedings:                                        |                 |
| On hand beginning of year.....                                 | 222             |
| Commenced during year.....                                     | 204             |
| Concluded during year.....                                     | 156             |
| Pending at end of year.....                                    | 270             |
| Applicant fitness automobile and garment carrier applications: |                 |
| On hand beginning of year.....                                 | <sup>3</sup> 18 |
| Commenced during year.....                                     | 128             |
| Concluded during year.....                                     | 142             |
| Pending at end of year.....                                    | 4               |
| Racial discrimination and practitioner cases:                  |                 |
| On hand beginning of year.....                                 | <sup>3</sup> 43 |
| Commenced during year.....                                     | 18              |
| Concluded during year.....                                     | 20              |
| Pending at end of year.....                                    | 41              |

<sup>3</sup> January 1961 through June 1961.

More than the usual emphasis was placed on violations of the rate provisions of the act and of regulations governing the handling of shipments of household goods. In the rate field, cases involving a total of 36 carriers and 23 shippers for granting and receiving rebates and concessions, for charging in excess of the legal rates, and for transporting without rates on file, were concluded. Fines totaling \$84,000 were imposed and two permanent injunctions were granted.

Thirteen carriers were prosecuted for violating the rules governing weighing, handling, and transportation of household goods, and fines totaling \$9,600 were levied. Other cases of both types were under investigation.

Some specific cases in which relatively heavy fines were imposed or in which unique issues arose, merit particular mention.

In the United States District Court for the Southern District of New York, a carrier and its president were fined a total of \$6,500 for engaging in unauthorized operations. The same court granted the Commission's request for a permanent injunction restraining further transportation of regulated commodities without authority, without rates on file, and without evidence of insurance coverage. The court also required the keeping of all prescribed records and the display of all books, records, documents, lands, buildings, et cetera, to any accredited Commission representative upon demand.

In the United States District Court for the District of New Jersey, four motor carriers were charged with granting and a partnership with receiving rate concessions and rebates. They were fined a total of \$7,250. Through an elaborate scheme, the partnership exacted the

rebates and concessions by turning over to the carriers substantial tonnage of one of its warehouse accounts for transportation from Paterson, N.J., to points in New England.

In a criminal proceeding brought in the United States District Court for the Southern District of California, Central Division, a carrier and a shipper were charged with attempting to evade and defeat regulation by entering into a fictitious "buy and sell" scheme. The scheme was devised not for the usual reason of evading the operating-authority provision of the act but rather to defeat what the parties thought was the legally applicable common carrier rate on the traffic. However, because of a technical defect in the tariff there was no applicable rate in effect on the traffic although the parties were not aware of that fact. Since the "buy and sell" scheme was clearly fictitious and was designed to evade regulation, both the shipper and the carrier were fined \$1,000 each.

A criminal prosecution of a motor common carrier and 19 of its drivers in the United States District Court for the Middle District of North Carolina resulted in the imposition of fines totaling \$8,900. Each driver was also placed on probation for a period of 1 year. The carrier was charged with not requiring and the drivers with not keeping daily logs in the form and manner prescribed by the Commission's regulations.

In the United States District Court for the District of New Jersey, a criminal prosecution of a corporation and two of its officers for transporting property as a motor common carrier without authority resulted in total fines of \$5,700 being imposed. In addition, in a companion civil proceeding the court granted an injunction against all the same parties prohibiting the conduct of further unauthorized operations.

Criminal charges were brought against a motor common carrier and 17 of its drivers in the United States District Courts for the Southern District of Iowa and the District of Nebraska for failing to require and failing to keep daily logs in the manner prescribed in our regulations. The carrier was charged as a second offender and was fined \$17,500. Each of the 17 drivers was fined \$100.

After a 5-day trial before a jury in the United States District Court for the Southern District of Indiana, Indianapolis Division, an individual acting as a motor common carrier of livestock, was found guilty on 22 charges of certain hours of service and safety violations. The court imposed a fine of \$4,180 and required the defendant to pay the entire court costs.

In separate actions in the United States District Courts of the Northern District of Iowa, Western Division, and the Western District of Wisconsin, a farm cooperative association, claiming the right to transport property by motor vehicle under the partial exemption of

section 203(b)(5) of the act, was charged with a series of hours of service and safety violations and fined a total of \$5,500. In proceedings before this Commission (MC-C-3190 and MC-C-3087) the exempt status of the cooperative associations was under challenge.

A criminal prosecution of a motor common carrier and its two individual managers, for falsifying records and for granting concessions in the transportation of textiles, and of a shipper, for soliciting and receiving the concessions, was concluded in the United States District Court for the Western District of North Carolina and fines totaling \$4,900 were imposed.

In the United States District Court for the District of New Jersey, a criminal prosecution was brought against a private carrier, a corporation which leased vehicles to the carrier, and the manager of the leasing company for a substantial number of violations of the safety regulations. This proceeding was instituted following a serious accident in which one of the leased trucks operated by the private carrier ran into the rear of a bus carrying a charter group of students and faculty of the Trenton, New Jersey State College. The bus was enveloped in flames after the collision and 12 passengers were killed, 30 others and the truck driver were injured, and substantial property damage was sustained. The criminal proceeding resulted in total fines of \$7,200 being imposed on the three defendants.

A criminal information was filed in the United States District Court for the District of Oregon against a private carrier, containing 191 counts of violations of our regulations governing the transportation of explosives and other dangerous articles. The case was an outgrowth of an explosion which had occurred previously at Roseburg, Oreg. A motion to dismiss the information on several grounds was made on behalf of the defendant, and on August 25, 1960, the court granted the motion on the single ground that the particular regulations did not extend to private carriers. The Solicitor General was unwilling to take an appeal, but the effect of the decision was overcome to some extent by the passage of Public Law No. 86-710 on September 6, 1960, which extended the provisions of the Transportation of Explosives Act to private and contract carriers. In addition, pursuant to the recommendation in our previous report, S. 1287 was introduced on March 10, 1961, and H.R. 5598 on March 14, 1961, to make more definite our authority to prescribe regulations governing the general subject of safety of operations and equipment of private carriers of property by motor vehicle.

Proceedings before the Commission as a means of enforcement increased. They included investigation proceedings involving the alleged leasing of motor carrier equipment to shippers to give the appearance of private carriage by the shipper. Other investigations

involved the buy-and-sell method whereby one actually performs a for-hire transportation service through the guise of a purchase of the goods transported and a resale of the goods to the ultimate customer. Cease and desist orders were issued in many cases requiring a cessation of those operations found to be unlawful. The Bureau participated in a proceeding involving an alleged cooperative association claiming to be exempt from economic regulation by virtue of the Agricultural Marketing Act. Following a finding by Division 1 that the association could not qualify as a cooperative association, as defined by the Agricultural Marketing Act, an order was issued requiring a cessation of the transportation service.

Participation by the Bureau in application proceedings arising under sections 5, 207, and 209 of the Interstate Commerce Act on the question of applicants' fitness was intensified. The Bureau participated in approximately 70 proceedings based upon information indicating that applicants were in violation of the provisions of the Interstate Commerce Act and the Commission's regulations.

In addition to the foregoing enforcement measures, the Bureau participated in several proceedings involving the reasonableness of rates, the lawfulness of rates, and divisions of rates. The Bureau also participated in a general rulemaking proceeding proposing to revise most provisions of section 195 of the Motor Carrier Safety Regulations.

## MOBILIZATION PLANNING FOR DEFENSE

Defense planning functions of the Interstate Commerce Commission were strengthened considerably by establishment of a mobilization staff under the Chairman and assignment of specific projects to various offices and bureaus of the Commission. To a large extent the defense assignments of the Commission have been carried out by Commission personnel whose experience and regular assignments are adaptable to emergency activities.

The delegated responsibilities of the Commission were expanded by issuance of Emergency Preparedness Order No. 15 by the Director of the Office of Civil and Defense Mobilization. The order gives the Commission responsibility for preparing national emergency plans and developing programs concerning railroad, inland water carrier, and motor carrier utilization in an emergency. It also assigns responsibility to provide guidance to domestic surface transportation and storage industries regarding emergency preparedness measures and to the States regarding development of their transportation plans.

OCDM transferred \$70,000 to the Commission to cover expenses incurred in connection with the emergency planning functions. Within this fund limitation the following steps were taken: Procedures for preemergency planning and post-attack actions were developed for issuance to Commission personnel with emergency assignments; part time representation at the OCDM classified location and a close working relationship with the OCDM National Resources Evaluation Center were established; a telephonic alerting system for key Commission personnel in the event of attack was developed; participation in interagency emergency planning meetings, in test exercises, and in Operation Alert 1961 was arranged; and reorganization and expansion of the Commission's Unit of the National Defense Executive Reserve was begun.

The Chairman became a member of the Civil Defense Mobilization Board, and Commission representation was continued on several national-level, interagency mobilization committees and the eight Regional Civil Defense Mobilization Boards. The Commission also was represented on the Executive Council on Port Utilization and Control, established by the Maritime Administration of the Department of Commerce. In order to coordinate planning functions, periodic conferences were held with the Department of Defense,

Military Traffic Management Agency, and other Federal agencies interested in emergency transportation planning.

Progress was made in assembling equipment and reference materials in the work area assigned to the Commission at the OCDM classified location. The material included the Presidential Emergency Action Documents. Copies of these documents also were placed at the Commission's operational relocation site. Files at the latter site were updated and maps were indexed. Basic inventories of railroad facilities and rolling stock, previously included in the National Resources Evaluation Center damage assessment system, were reviewed and partially updated. Work on an inventory of inland waterway terminals and vessels was in process and upon completion will be included in the NREC system. Representatives of three Commission bureaus and members of the mobilization staff participated in an exercise during which manual damage assessment techniques were tested in headquarters relocation activities during Operation Alert 1961 and various predetermined transportation actions were reviewed and analyzed. Representatives of the Commission also participated in the Operation Alert regional exercise, and the telephone alerting system was tested.

Liaison with industry groups was strengthened by the addition of four consultants, making a total of nine from various segments of the transportation industry.

The ICC Transport Mobilization Orders, previously issued on a standby basis, were reviewed. The orders are "self-triggering" to become effective upon the proclamation of a civil defense emergency. The desirability of developing further implementing documents and instructions regarding the orders was under consideration. A digest of the orders was widely circulated throughout the transportation industry.

Membership in the National Defense Executive Reserve Unit was increased from 86 at the beginning of the year to 106 at the close of the fiscal year. The reservists included 46 for rail, 42 for motor carriers, 5 for inland water carriers, and 13 for warehousing, traffic management, and administration. In organizing the reservists on a regional basis Senior and Alternate Senior Reservists were designated within the railroad group for each OCDM regional area. These reservists met in June with the Chairman, the Director of the Bureau of Safety and Service, and other Commission representatives, and a plan for organization in depth at the regional, State, and local levels was adopted. Qualified operating personnel were being recruited in each State and principal railroad terminal to provide the nucleus of a standby organization which would direct railroad rehabilitation and operation in an emergency. A recruitment program

to provide at least one ICC reservist in each OCDM region for inland water carriers was begun. At least four motor transportation reservists were available in each regional area, one in Alaska, and several in a national group. Senior and Alternate Senior Reservists were designated for each regional area and for the national group. Regional meetings with the Bureau of Motor Carrier District Directors and the motor carrier reservists were scheduled to complete the organization and outline emergency functions. Further increases in membership in the Commission's reserve unit are anticipated.

## MANAGEMENT ACTIVITIES

In addition to the major changes in organization and assignment of duties described in the opening chapter, other internal bureau reorganizations were made to improve the alignment of certain technical functions and administration of the work. A Section of Reports was created in the Bureau of Accounts with responsibility for examining and disposing of field examination reports. These functions were previously performed in the Sections of Accounting and Field Service. The change will permit the Section of Accounting to concentrate on updating accounting rules and regulations and will enable the Section of Field Service to devote full time to guidance and supervision of the Bureau's field program. Two branches were combined in the Section of Rates and Informal Cases, Bureau of Traffic, as a result of conversion of certain waybill computation work from a manual to a mechanical basis.

Efforts were continued to keep abreast of automatic data processing methods and techniques with a view toward their further adaptation to Commission operations. Representatives of this Commission participated in meetings of the Interagency Committee on Automatic Data Processing and attended a number of seminars and lectures dealing with various aspects of the subject. In addition, assistance was obtained and some exploratory studies made in this area through arrangement with the National Bureau of Standards.

A program was initiated to help expedite the work of hearing examiners by allocating secretarial service to small groups of examiners and thus allowing them to assume personal direction of their clerical support personnel.

Special attention was given to training of employees for greater work productivity. This included supplemental training of attorneys in report writing, correspondence transportation courses for field special agents, supervisory training, and special skills improvement.

Through records disposition and space management activities, 4,304 square feet of building space was converted to office use. Such space has an annual recurring value estimated at approximately \$15,000. With the assistance of National Archives and Records Service, comprehensive records disposal schedules were prepared for five of the Commission's bureaus. Enactment of these schedules will permit the eventual destruction of approximately 40,000 cubic feet of obsolete records, thereby releasing substantial additional space

and equipment. Through participation in GSA's excess personal property program, 1,804 items of furniture and equipment valued in excess of \$30,000 were acquired and converted to Commission use.

Following a review of Commission public reporting requirements, a reduction was effected in the requirements affecting 16 reports. As a result, carrier respondents will be relieved from filing nearly 37,000 reports consisting of 96,084 pieces of paper with approximately 2½ million reportable items, without loss of needed information to the Commission.

### APPROPRIATIONS AND EMPLOYMENT

The following statement shows average employment and total appropriations for the fiscal years 1940 to 1962 for activities included under the current appropriation title "Salaries and Expenses."

| Year      | Appropriation | Average employment | Year      | Appropriation           | Average employment |
|-----------|---------------|--------------------|-----------|-------------------------|--------------------|
| 1940----- | \$8,948,000   | 2,649.3            | 1952----- | \$11,264,035            | 1,889.5            |
| 1941----- | 9,077,960     | 2,734.9            | 1953----- | 11,003,500              | 1,849.4            |
| 1942----- | 9,212,750     | 2,658.6            | 1954----- | 11,284,000              | 1,837.9            |
| 1943----- | 9,336,377     | 2,359.4            | 1955----- | 11,679,655              | 1,859.1            |
| 1944----- | 8,873,900     | 2,076.0            | 1956----- | 12,896,000              | 1,902.2            |
| 1945----- | 8,833,700     | 1,957.5            | 1957----- | 14,879,696              | 2,090.1            |
| 1946----- | 8,733,738     | 2,058.3            | 1958----- | 17,412,375              | 2,237.8            |
| 1947----- | 10,496,200    | 2,240.4            | 1959----- | 18,747,800              | 2,268.1            |
| 1948----- | 10,713,000    | 2,247.7            | 1960----- | 19,650,000              | 2,343.6            |
| 1949----- | 11,300,317    | 2,217.8            | 1961----- | <sup>1</sup> 21,451,500 |                    |
| 1950----- | 11,416,700    | 2,161.0            | 1962----- |                         |                    |
| 1951----- | 11,408,200    | 2,072.3            |           |                         |                    |

<sup>1</sup> Includes \$1,313,000 for pay increase under Public Law 86-568.

The appropriation of \$21,451,500 for the fiscal year beginning July 1, 1960, represented an increase of \$1,801,500 over the appropriation for the previous fiscal year, of which \$1,313,000 was for cost of the Federal Employees Salary Increase Act of 1960. The balance of \$488,500 covered the cost of the Commission's contribution for the employee health benefits program authorized pursuant to Public Law 86-382, increased operational costs, and 18 additional positions. The additional positions were provided primarily to assist in handling the continued increase in formal casework, to strengthen enforcement activities, and to provide adequate review of tariffs.

## PRACTICE AND PROCEDURE

The major reorganization moves and the resulting changes in Commission procedures are discussed in the chapter, "Commission Reorganization."

A marked improvement was effected in one of the principal tools for legal research by the development of a new system of index-digesting of cases in the bound volumes of ICC reports, beginning with volumes 300 ICC and 71 MCC. The new system provides a simplified method of locating a report containing an expression on the point of law in question. A five-volume compilation was completed in each of the ICC and the MCC series for internal use, and a similar compilation was being prepared in the finance case volumes. Consideration was being given to the question of printing the compilations so as to make them available to the public generally.

The new index-digesting method provides a far more detailed breakdown of subjects leading to rulings on practice and procedure, evidence, and substantive law than any publications previously available.

In addition, Volume 18 of the Interstate Commerce Acts Annotated became available during the year.

### ADMISSIONS TO PRACTICE

During the year, 630 applicants were admitted to practice. Of this number, 527, or 83.65 percent, were members of the bar of the highest court of their States. This represents a slight decrease from last year, when 546 lawyer applicants were admitted. The remaining 103, or 16.35 percent, were nonlawyers admitted upon written examination. The successful nonlawyer applicants were 47.7 percent of the 216 who took the examination. In the preceding year, 98 of the nonlawyer applicants, or 48.3 percent, passed the examination.

A total of 29,039 persons have been admitted to practice since the Commission's bar was established on September 1, 1929. Of these, 19,705, or 67.9 percent, were admitted as attorneys, while 9,334, or 32.1 percent, were admitted as nonlawyers.

## LITIGATION INVOLVING COMMISSION ORDERS

The Office of the General Counsel was concerned during the period with handling 158 cases in various stages of litigation in the Federal courts.

There were 78 cases pending on June 30, 1960, and 80 cases were instituted in the courts between that date and June 30, 1961. Of the total, 65 were concluded, leaving 93 cases pending on June 30, 1961. These comprised 8 cases pending in the Supreme Court of the United States, 3 in the courts of appeals, and 82 in the district courts of the United States.

Seven cases were concluded in the Supreme Court, 4 were concluded in the courts of appeals, and 54 were concluded in the district courts during this period. The more important cases are discussed below.

### CONSOLIDATIONS

The Commission's conclusion that section 5(2)(f) of the act does not require a job freeze for a period of 4 years from the date of consummation of transactions, approved under section 5(2), but that conditions requiring compensation and allowances to affected employees satisfy the requirements of the section, was sustained by the Supreme Court in *Brotherhood of Maintenance of Way Employes v. United States*, 366 U.S. 169 (1961), sustaining *Erie R. Co. Merger*, 312 I.C.C. 185 (1960).

The U.S. Circuit Court of Appeals for the District of Columbia Circuit affirmed the decision of the district court dismissing a complaint of two common stockholders of the Alleghany Corporation seeking declaratory and mandatory relief with respect to three actions taken by us in 1954 and 1955 relating to Alleghany's acquisition of control of the New York Central Railroad Company, namely, (1) an order denying a petition of the Central that we, upon our own motion, institute an investigation into certain transactions of Alleghany and the Chesapeake and Ohio Railway Company; (2) an order denying a petition of New York Central for a declaratory order that acquisition of control of the Central system would constitute the acquisition of two or more carriers under section 5(2) of the act; and (3) a statement in our report approving the merger of two subsidiaries of the Central (*Louisville & J. B. & R. Co. Merger*, 295 I.C.C. 11 (1955)), that acquisition by Alleghany of control of the Central was not a transaction within the scope of section 5(2) requiring our approval. No.

15774, *Myron Neisloss and Randolph Phillips v. Bush, et al.* (D.C. Cir., June 8, 1961). The complaint alleged that the statement in our report represented an erroneous construction of section 5(2) and that all three actions were the product of improper influences. After noting that it was not clear whether the district court suit was intended as an original action to enforce a statutory right or as an action for judicial review of agency proceedings, the court of appeals held (1) that, insofar as it was intended as the former, the complaint required dismissal for failure to assert a cause of action, and (2) that, as an action to review agency proceedings, it was deficient for failure to show that the plaintiff-appellants had exhausted the available administrative remedies.

The right of the Commission, in determining whether a sale by one motor carrier to another of interstate operating rights is consistent with the public interest, to give consideration to the circumstance that the vendor-carrier had previously split its operating authority through the sale of its intrastate rights covering the same identical route and general commodities to a wholly intrastate motor carrier, was approved in *Navajo Freight Lines, Inc. v. United States*, 186 F. Supp. 377 (D. Colo. 1960), sustaining *Navajo Freight Lines, Inc.—Pur.—Strickland Transp. Co.*, 75 M.C.C. 713 (1959).

#### DISCONTINUANCE OF PASSENGER SERVICE

The Commission's order in *Chicago & N. W. Ry. Co.—Discontinuance of Service*, 307 I.C.C. 585 (1959), requiring continuance of certain overnight passenger trains despite a showing of substantial financial loss by the railroad in rendering the service, was upheld by a three-judge district court in Civil Action No. 60 C 741, *Chicago and North Western Ry. Co. v. United States, et al.* (N.D. Ill., August 19, 1960). The court stated that in view of the demonstrated substantial demand for the service of the trains involved, and in view of the improving financial position of the carrier and the indication that the past losses need not have been as large as they were, it could not reasonably be said that the Commission's order was without support in the findings and the evidence.

The Commission's order in *Southern Pac. Co.—Partial Discontinuance of Passenger Service*, 307 I.C.C. 209 (1959), refusing to require continuance, during specified off seasons, of daily service of two trains operated by the carrier between San Francisco, Calif. and Portland, Oreg., was upheld by a three-judge district court in Civil Action No. 38915, *State of California v. United States, et al.* (N.D. Cal., April 5, 1961).

#### CONTRACT RATES

The Commission's decision that reduced rates offered to shippers who contracted to ship at least 80 percent of their annual shipments

over the lines of the contracting carrier constituted, in the circumstances of the case, an unfair or destructive competitive practice under the National Transportation Policy was affirmed in *New York Central R. R. Co. v. United States*, 194 F. Supp. 947 (S.D. N.Y., 1961), sustaining *Contract Rates, Rugs and Carpeting from Amsterdam, N.Y.*, 313 I.C.C. 247 (1961).

### RELEASED RATES

The Commission's decision that it was without authority to permit rail and motor carriers to limit their liability on virtually all shipments by restricting the application of existing rates and ratings to shipments having a value of \$3 per pound, subject to other per-package or per-shipment limitations, was reversed in *Southern Railway Co. v. United States*, 194 F. Supp. 633 (E.D. Va., 1961), reversing, Ex Parte No. MC-49, *Released Rate Rules—National Motor Freight Classification*, and Ex Parte No. 197, *Consolidated Freight Classification and Uniform Freight Classification*, 306 I.C.C. 495 (1959) and 309 I.C.C. 380 (1960). The Commission has filed a notice of appeal to the Supreme Court in these cases.

### RATE DISCRIMINATION

In *American Barge Line Co. v. Alabama G. S. R. Co.*, 306 I.C.C. 167 (1959), we held, *inter alia*, that under the Supreme Court's decisions in *Interstate Commerce Commission v. Mechling*, 330 U.S. 567 (1947), and *Dixie Carriers v. United States*, 351 U.S. 56 (1956), the railroads' assessment of local rates on ex-barge grain from Mississippi, Missouri, and Ohio River transshipping points to interior destinations while contemporaneously assessing lower proportional rates on ex-rail shipments was discriminatory against the barge lines, in violation of section 3(4) of the act. We also found undue prejudice to certain Tennessee River ports, in violation of section 3(1) of the act. Our findings were sustained in *Atchison, T. & S. F. Ry. Co. v. United States*, 194 F. Supp. 438 (D. Kans. 1961). In a related action, discussed in our 74th Annual Report, our finding that the maintenance of all rail-single-factor joint rates on grain and grain products afforded no section 3(4) discrimination against barge lines not party thereto, was set aside, and the case remanded to us. *Arrow Transportation Co., et al. v. United States*, 176 F. Supp. 411 (N.D. Ala. 1959), affirmed *per curiam*, 361 U.S. 353 (1960).

A district court, in *State of Oklahoma v. United States*, 193 F. Supp. 261 (W.D. Okla. 1960), by a two-to-one decision, remanded to us the proceeding in *State Corporation Commission of Kansas v. Atchison, T. & S. F. Ry. Co.*, 301 I.C.C. 703 (1957), for reconsideration "in light of the proceedings in Docket No. 31874 [the *Southern Governors'* case]" now pending before us, because the record in the latter proceeding

includes material exhibits not heretofore available, and is much more comprehensive and up to date than the record in the former proceeding on the issues presented. In an earlier two-to-one decision, a district court, in Civil Action No. T-1869, *State Corporation Commission of Kansas v. United States*, 184 F. Supp. 691 (D. Kans. 1959), where different issues were presented, upheld our order in the proceeding remanded by the Oklahoma court.

The Commission's cease and desist order in Docket No. 32241, *Shaw Warehouse Co. v. Southern Ry. Co. et al.*, 308 I.C.C. 609 (1959), which was based upon the premise that the railroad was providing facilities to warehousemen and others at less than fair rental value, was sustained by a three-judge district court in *Southern Ry. Co. et al. v. United States, et al.*, 186 F. Supp. 29 (N.D. Ala. 1960).

### INTRASTATE RATES

In *Utah Citizens Rate Association, et al. v. United States, et al.*, 365 U.S. 649 (1961), opinion below, 192 F. Supp. 12 (D. Utah 1960), the Supreme Court summarily affirmed the judgment of the district court dismissing a complaint against the Commission's order in *Utah Intrastate Freight Rates and Charges*, 309 I.C.C. 149 (1959), requiring the railroads in Utah to increase their intrastate rates, with certain exceptions, on the ground that the existing rates discriminated against interstate commerce.

The Commission's determination that it was without jurisdiction to award reparation on an intrastate rate was affirmed in *Winston Bros. Company v. United States*, 193 F. Supp. 724 (S.D. Iowa, 1961), sustaining, *Winston Bros. Company v. Great Northern Ry. Co.*, 309 I.C.C. 229 (1959).

### THROUGH ROUTES AND JOINT RATES

The Commission's determination in *Chicago, M., St. P. & P. R. Co. v. Spokane, P. & S. Ry. Co.*, 300 I.C.C. 453 (1957), that the short-haul protection of section 15(4) of the Interstate Commerce Act, which restricts the Commission's authority to prescribe a through route where such route would embrace "substantially less than the entire length of its railroad and of any intermediate railroad operated in conjunction and under a common management or control therewith, which lies between the termini of such proposed through route, \* \* \*" applies where one railroad is jointly controlled by two other railroads, was upheld by the Supreme Court in *Chicago, Milwaukee, St. Paul & P. R. Co. v. United States*, 366 U.S. 745 (1961), opinion below, 182 F. Supp. 81 (E.D. Wis. 1960).

The Supreme Court in *United States v. Central Vermont Railway, Inc.*, 366 U.S. 272 (1961), a precedent decision, reversed the judgment

of the three-judge district court in *Central Vermont Railway, Inc., et al. v. United States, et al.*, 182 F. Supp. 516 (D. Vt. 1960), reversing *Thermoid Co. Southern Division v. Baltimore & Ohio Railroad Co., et al.*, 303 I.C.C. 743 (1958). See the discussion in our 74th Annual Report, page 177. Contrary to the opinion of the lower court, the Supreme Court held that the Commission had jurisdiction under section 3(1) of the act to prevent unlawful discrimination between shippers by rail carriers participating in combination through rates on asbestos even though part of the transportation took place in Canada.

The Commission's decision that it had no jurisdiction over joint water-motor carrier rates applicable to the transportation of petroleum products, in bulk, when the underlying service of the water carrier is exempt from regulation under section 303(b) of the Interstate Commerce Act and the motor carrier service is primarily in intrastate commerce, was upheld by a three-judge statutory district court, in Civil Action No. 2658, *Pacific Inland Navigation Company, et al. v. United States and I.C.C.* (W.D. Wash., May 9, 1961), sustaining *Petroleum Products—Water—Motor Inland Navigation Company*, 311 I.C.C. 219 (1960).

#### CONTRACT CARRIERS

In *J-T Transport Co., Inc. v. United States*, 185 F. Supp. 838 (W.D. Mo. 1960), the district court set aside our order in Docket No. MC-11185 (Sub-No. 102), *J-T Transport Co., Inc., Ext.—Indianapolis, Ind.*, embraced in *J-T Transport Co., Inc., Ext.—Columbus, Ohio*, 79 M.C.C. 695 (1959), and held that by the 1957 amendments to sections 203(a)(15) and 209(b), Congress intended to require us to grant a motor contract carrier permit without regard to the fact that existing motor common carriers are able and willing to provide adequate service to the shipper supporting the contract carrier applicant; that the criteria now provided in section 209(b) do not permit our consideration of a protestant carrier's potential loss of traffic which it had not actually been transporting for such shipper; and that the criteria specified in section 209(b) are exclusive, precluding our consideration of any other factors in passing upon a contract carrier application. Our appeal from this decision is now pending in the Supreme Court in No. 17, October Term, 1961.

Our order denying motor contract authority in *E. L. Reddish Contract Carrier Application*, 81 M.C.C. 35 (1959), was reversed by a statutory three-judge court in *Reddish v. United States*, 188 F. Supp. 160 (W.D. Ark. 1960), on the grounds that it was error for us to apply the adequacy of existing service test in our determination of the effect of a denial of a permit upon supporting shippers since the legislative history of the 1957 amendments to sections 203(a)(15) and 209(b)

of the act proscribed the use of that test. The court indicated that we were obliged to consider the level of the rates the applicant would assess in passing upon its application for contract carrier authority. The case has been appealed, and the United States Supreme Court has noted probable jurisdiction in No. 53, October Term, 1961.

#### GRANDFATHER RIGHTS UNDER SECTION 7(c)

Our interpretation of section 7(c) of the Transportation Act of 1958 as conferring no "grandfather" rights for the past transportation of citrus juices, in bulk, in tank vehicles, was upheld in *Milk Transport, Inc. v. Interstate Commerce Commission*, 190 F. Supp. 350 (D. Minn. 1960), sustaining Dockets No. 113255 (Sub-No. 8), *Milk Transport, Inc. "Grandfather" Application*, and (Sub-No. 9), *Milk Transport, Inc. "Interim" Application* (December 22, 1959). An appeal has been docketed with the Supreme Court in No. 95, October Term, 1961.

A determination by the Commission that section 7(c) of the Transportation Act of 1958 does not permit the acceptance for filing after December 10, 1958, of tendered amendments broadening the scope of an application filed for "grandfather" rights was set aside in *Herrett Trucking Co., Inc. v. United States*, 14 Fed. Carr. Cas. Para. 81,380 (E.D. Wash. 1961), the court holding that whether such an amendment should be allowed and be considered as part of the original petition was for determination by the Commission in the exercise of its discretion.

#### MOTOR CARRIER OPERATING AUTHORITY

The Supreme Court affirmed, *per curiam*, the decision of a three-judge statutory district court which upheld our order granting a certificate of public convenience and necessity to a motor carrier in *Yale Transportation Corp. et al. v. United States, et al.*, 365 U.S. 566 (1961) affirming, 185 F. Supp. 96 (S.D. N.Y. 1960), sustaining *United Parcel Service of New York, Inc.*, 79 M.C.C. 629. See our 74th Annual Report, page 172. The district court held that the granting of such a certificate did not create a new control relationship which required our approval under section 5 of the Interstate Commerce Act; that a certificate was not an order subject to the 30-day notice provision of section 221(b) of the act; and that the 30-day notice provision of section 221(b) of the act applies only to the order granting the certificate and not to our order denying a petition for reconsideration of such an order.

#### INTERPRETATION OF MOTOR CARRIER RIGHTS

The aggregation of certain iron and steel articles and firebrick into lots of such size and weight that they can be loaded or unloaded only

with special equipment does not place the transportation of such commodities within the scope of heavy haulers' authority. In *W. J. Dillner Transfer Company v. United States*, 193 F. Supp. 823 (W.D. Pa., 1961), the court sustained our holding in *W. J. Dillner Transfer Co.—Investigation of Operations*, 79 M.C.C. 335 (1959), that the individual unit being shipped rather than the aggregated load or shipment is the determinative factor. An appeal has been docketed with the Supreme Court in No. 188, October Term. 1961.

The Commission's determination that the phrase "commodities requiring the use of special equipment" as a grant of authority to a heavy-haul carrier did not authorize the transportation of petroleum, in bulk, in tank vehicles was sustained in *Union Cartage Co. v. United States*, 193 F. Supp. 645 (D. Mass., 1961), sustaining *Petroleum—Union Cartage Company*, 309 I.C.C. 333 (1960). A notice of appeal to the Supreme Court has been filed by the plaintiff.

The decision of a lower court which sustained the Commission's determination in *Wilson Common Carrier Application*, 64 M.C.C. 39 (1955), that the authority to transport "petroleum products" does not authorize the transportation of "crude oil" was affirmed by the Supreme Court, *per curiam*, in *Denver Chicago Transport Company, Inc. v. United States*, 364 U.S. 627 (1961), reported below, 183 F. Supp. 785 (D. Colo. 1960).

#### UNAUTHORIZED MOTOR CARRIER OPERATIONS

A three-judge district court, in *Robert Allen v. United States*, 187 F. Supp. 625 (S.D. Fla. 1960), unanimously upheld our order in *Robert Allen, et al.—Investigation of Operations and Practices*, 79 M.C.C. 727 (1959), which required the respondents to cease and desist from unlawful motor carrier operations performed by them under a purported lease arrangement. The respondent Allen held himself out to be a traffic consultant, and in conjunction with certain truck rental concerns and a drivers' organization, conceived and formulated a plan whereby they undertook to offer a full transportation service for shippers, without having obtained authority from the Commission. The court held, contrary to their contention, that the operation constituted "for hire" carriage.

Holding that our findings were not supported by substantial evidence, a district court set aside our order requiring certain owner-operators to cease and desist from engaging in operations found by us to constitute interstate transportation of property as contract carriers without appropriate authority, in violation of section 209(a)(1) of the Interstate Commerce Act. *Drum v. United States*, 193 F. Supp. 275 (W.D. Okla. 1960), overruling *Oklahoma Furniture Manufacturing Co. Investigation of Operations*, 79 M.C.C. 403 (1959). The

Supreme Court has noted probable jurisdiction of our appeal in No. 23, October Term, 1961.

### PROCEDURE

The Supreme Court summarily affirmed a district court decision sustaining our procedure in (1) "bypassing" Division 1 by our issuance of a Commission report and order granting motor carrier certificates, following the filing of exceptions and replies to the examiner's report; (2) approving our report and order in such proceedings in "constructive" sessions, by "voting by notation"; (3) having attorney advisors, who are not hearing examiners, prepare unpublished draft final reports for submission to us for our consideration; and (4) denying petitions for reconsideration of our final report without our reiterating in such order of denial the findings and reasons previously given for our grants of authority. *Herrin Transportation Co. v. United States*, 366 U.S. 419 (1961), affirming *T.S.C. Motor Freight Lines, Inc. v. United States*, 186 F. Supp. 777 (S.D. Tex. 1960), sustaining, in part, *Strickland Transportation Co., Inc., Ext.—Louisiana Routes*, 77 M.C.C. 655 (1958).

The district court in *DeCamp Bus Lines v. United States, et al.*, 185 F. Supp. 336 (D. N.J. 1960), sustaining Docket No. MC-109802 (Sub-No. 16), *Lakeland Bus Lines, Inc., Extension* (May 24, 1960), held that our order setting an application for hearing was procedural only and, hence, was not subject to court review prior to consummation of our administrative process; it also sustained, on the merits, our assigning the hearing to an examiner, although the application sought multiple-State authority in one portion but in another portion sought other authority between only two of those States, over a protestant's objection that section 205(a) required the two-state portion of the application to be heard by a joint board.

## LEGISLATION AND LEGISLATIVE ACTIVITIES

A number of important legislative matters required our careful consideration during the past year. Of paramount concern, however, was the decline of the Nation's regulated common carrier system and the corresponding growth of private, exempt, illegal for-hire, and so-called gray area transportation at the expense of regulated carriage. In testifying on two occasions before the Senate Commerce Committee on this serious problem, the Commission's representative discussed at some length the factors primarily responsible for the deterioration of regulated common carriage and recommended a course of legislative action designed to reverse this alarming trend and ward off a major transportation crisis. Included among these recommendations, and on which the Commission presented testimony at hearings before committees of the House and Senate, were proposals for repeal of the water carrier dry-bulk commodity exemption, limitation of the agricultural commodity exemption, and repeal of the 10-percent excise tax on passenger fares.

Also of major interest to us, and an important part of our program for self-improvement, was our own request for statutory authority to delegate certain decisional functions to three-man employee boards. Legislation, introduced as H.R. 8033, was ultimately enacted after thorough consideration of our proposal by the House and Senate commerce committees and is now Public Law 87-247, approved by the President on September 14, 1961.

We also followed with considerable interest and concern the extensive hearings before the Senate Commerce Committee on S. 1197, which proposed to amend the rule of ratemaking in section 15a(3) of the act. After careful analysis of this measure and of the widely divergent views expressed by various interested parties, we were convinced that its enactment would not be in the public interest and advised against its passage.

Other measures which were the subject of hearings before various congressional committees, and with respect to which we appeared and testified, included H.R. 1986, proposing, as recommended by us in our last annual report (Recommendation No. 8), repeal of certain obsolete provisions of the Railway Mail Service Pay Act; H.R. 1163 and S. 1146 to extend the termination date of the railroad loan guaranty provisions of part V of the act; and S. 1840, introduced at our request, to authorize the prescription of incentive per diem charges

as a means of encouraging the procurement of an adequate national freight car fleet. Both H.R. 1986 and H.R. 1163 were enacted by the Congress during the last session, and are now Public Law 87-108 and Public Law 87-16, respectively. As finally enacted, H.R. 1163 extended the railroad loan guaranty provisions of part V until June 30, 1963.

Additional hearings in which members of the Commission or its staff actively participated were on such matters as appropriations, supplemental appropriations, the need for a transportation census, motor carrier safety activities of the Commission, prohibitions against certain ex parte communications in regulatory agency proceedings, proposals authorizing awards of reparation against motor carriers and freight forwarders for unlawful charges on past shipments, and proposed restrictions on the future application of the second proviso in section 206(a)(1) of the act under which certain motor carriers operating within a single State may engage in interstate commerce without authority from the Commission. All told, we appeared and testified at 23 hearings during the first session of the 87th Congress. The number of bills involved totaled 15.

Another important phase of our legislative activities during the year included responding to 65 requests from various congressional committees and subcommittees for reports and comments on bills, resolutions, and other matters pending before them. We also expressed our views, at the request of the Bureau of the Budget, on five bills, four draft bills, six enrolled bills, and several proposed Executive orders and amendments to Executive orders. In addition, we submitted 14 draft bills to the Congress, together with explanatory statements, to implement each of our recommendations in last year's report. Also submitted during the year was a draft of joint resolution authorizing and requesting the President to proclaim April 5, 1962, as Interstate Commerce Commission Day in commemoration of the Commission's 75th anniversary. This proposal was introduced as H.J. Res. 441 in the House and as S.J. Res. 99 in the Senate.

Underlying our legislative activities was the work of our congressional liaison staff whose members attended, as observers, the many congressional hearings held during the year on matters relating to our jurisdiction and functions. These staff members also met on a number of occasions with the members and staffs of various congressional committees and subcommittees to lend such assistance as they could to the consideration of pending measures. In addition, our liaison staff responded to hundreds of congressional telephone inquiries covering the entire range of the Commission's regulatory activities. Our liaison activities also extended to working with other departments and agencies on matters of mutual interest. In this connection the

year was marked by the meeting of Commission representatives with the Secretary of Commerce and other leaders in Government and industry in the transportation field for the purpose of assisting the Secretary in the development of a program, undertaken at the direction of the President, to strengthen our national transportation system. Shortly thereafter our recommendations for improving the health of the Nation's carriers were transmitted to the Secretary.

We are encouraged by the enactment during the past year of two of our legislative proposals and at the progress made on several others. We are hopeful, therefore, that all of our recommendations, both new and old, and which we believe to be in the public interest, will be favorably considered during the next session of the 87th Congress.

## LEGISLATIVE RECOMMENDATIONS

Our new recommendations, explained below, are for the most part, aimed at various exemptions in the act which, by fostering the growth of private and exempt carriage and the spread of illegal for-hire operations, have contributed in no small way to the decline of the Nation's regulated common carrier system. We therefore urge early and favorable consideration of these proposals which will, as in the past, be implemented by draft legislation. In addition, we vigorously support other measures, now pending in the Congress, which, in our opinion, would improve the economic health of the regulated carriers. More specifically in this connection, we recommend early enactment of those proposals which would repeal the 10-percent excise tax on passenger travel, limit section 22 reduced rates on Government traffic to time of war or national emergency, permit, for tax purposes, more realistic depreciation rates on railroad property and equipment, and provide for the establishment of construction reserve funds on the books of common carriers subject to the act.

We are also renewing all of last year's recommendations, except, of course, for the two that became law during the year. For convenience of reference, the substance of these proposals is summarized below under a separate heading, together with a cross-reference to last year's report. Also shown is the status, as of the end of the session, of each bill introduced to give effect thereto.

### NEW RECOMMENDATIONS

1. We recommend (a) that sections 203(b)(5) and 402(c) be amended to provide that agricultural cooperatives and shipper associations, respectively, shall be entitled to exempt status thereunder only upon application and proof of eligibility, and (b) that sections 220 and 412 be amended to permit the Commission or its duly authorized agents to inspect the books, records, and other documents kept or maintained by such cooperatives and associations.

Substantial amounts of important traffic are being diverted from authorized motor carriers and freight forwarders by various groups and organizations performing general transportation services under the guise of exempt agricultural cooperatives and shipper associations. We are unable to cope with this situation effectively because of the necessity of overcoming in each case a presumption of eligibility.

The recommended amendment would remove this difficulty by requiring those claiming exempt status to apply for and show that they are entitled to a certificate of exemption, such certificate to be revocable as a deterrent to engaging in future unlawful operations. Enactment of this proposal, together with a grant of authority to inspect the books and records of such certificate holders, would constitute an important step toward correcting a difficult and growing problem.

**2. We recommend that section 203(b)(6) be amended so as to limit the application of the agricultural and other commodity exemptions to providing direct assistance to farmers, ranchers, and fishermen in the transportation of their products to local markets.**

While the 1958 amendment to this section arrested further judicial expansion of a growing list of exempt commodities, these exemptions continue to serve as a vehicle by which large volumes of traffic are being diverted from authorized carriers, including the railroads, to private and exempt haulers. Thus, not only are the authorized carriers losing substantial amounts of exempt commodity traffic, but even more serious is the loss of such high grade traffic as manufactured goods to the many private carriers who must depend upon revenue backhauls to defray the cost of their operations. Without such backhauls, available largely because of the exemptions and often at amounts barely sufficient to cover the costs of the return trip, private carriage would not, in many instances, be financially feasible. Authorized carriers, of course, find it difficult, if not impossible, to compete with such marginal operations.

In addition to fostering the growth of exempt and private carriage, the exemptions continue to be a breeding ground for schemes and devices to engage in unlawful for-hire transportation under the cloak of legitimate private carriage. Faced with cutthroat competition and the prospect of empty backhauls, the exempt commodity hauler, and frequently the private carrier, will, in order to squeeze out a small profit or to cover return-trip expenses, resort to such subterfuges as "buy-and-sell" or "equipment lease-driver service" arrangements in an attempt to circumvent regulation. Under "buy-and-sell" arrangements bills of sales, invoices, et cetera, are issued to make it appear that the commodities being transported are those of the vehicle owner and, therefore, exempt as private carriage. Perhaps the most prevalent type of subterfuge, however, is where the vehicle owner supplies a shipper with both vehicles and drivers under an agreement which purports to be a lease, but which, in fact, is no more than an arrangement for a for-hire movement under the guise of private carriage. Such practices, spawned or nurtured by these exemptions, promote discrimination between shippers, threaten exist-

ing rate structures, and serve to thwart the express purpose of the Congress to maintain a sound transportation system in the national interest.

While we recognize that grounds exist for exempting the movement from point of production to local markets, there is little justification for exempting the subsequent movements of these commodities. If the exemptions were thus confined, there would be little opportunity to engage in practices which are whittling away at our national transportation system by depriving authorized carriers of much needed revenues.

**3. We recommend that section 216(c) be amended to authorize the Commission, after investigation and hearing, when necessary and desirable in the public interest, to require the establishment of through routes and joint rates between motor common carriers of property and between those carriers and common carriers by rail, express, and water.**

At present, common carriers of property by motor vehicle are permitted, but may not be required, to establish through routes and joint rates with other such carriers or with common carriers of other modes subject to the act. In many instances, the failure or refusal of carriers to enter into such joint arrangements is contrary to the public interest in the establishment of a coordinated surface transportation system. Moreover, in the absence of agreement among motor carriers, the only way in which the Commission may provide for through trucking service is by granting extensions of operating rights or by approving consolidations and mergers of connecting motor carriers. The granting of such extensions is not always desirable, however, since it may produce a surplusage of carriers over certain routes.

Enactment of this recommended amendment would permit the Commission, in proper cases, to compel the establishment of dependable joint-line service responsive to the needs of the shipping public, and, at the same time, protect the carriers from unfair or unreasonable demands to provide through service.

**4. We recommend that section 222(h) be amended so as to (a) extend the civil forfeiture provisions therein to unlawful operations and safety violations by motor carriers, (b) permit the Commission to institute forfeiture actions directly in the courts, and (c) increase substantially the amount of the forfeitures prescribed.**

Present procedures for dealing with certain motor carrier violations are often slow and cumbersome, and frequently ineffective. Criminal prosecution, for example, must be brought in the district in which the violation occurred. Thus, multiple violations by a carrier with extensive territorial operations may require the institution of separate

actions in several district courts if all of the violations are to be covered. Civil forfeiture proceedings, on the other hand, may be instituted in the district in which the carrier maintains its principal office, where it is authorized to operate, or where it can be found. Moreover, less time is needed for investigating violations because of the difference in quantum of proof required in such proceedings.

Our efforts at more effective and expeditious enforcement would also be greatly enhanced if the Commission were authorized to institute forfeiture proceedings directly in the courts instead of proceeding through the Department of Justice as is it now required to do. Delays would be avoided not only by eliminating the mechanics involved in taking the extra step, but also by the elimination of such delays as may be caused by the time consumed in convincing the U.S. attorney that an action should be filed.

These amendments, coupled with a substantial increase in the amount of the forfeitures prescribed, would provide us with a more effective means of combating the spread of illegal and so-called gray area operations and at the same time serve as a deterrent to those who would violate our safety regulations.

**5. We recommend that those provisions of part IV of the act relating to ownership, control, and operation of freight forwarders in common with carriers of other modes be revised and clarified, and, to this end, that future transactions involving such relationships be made subject to the provisions of section 5 of part I.**

The present provisions of part IV of the act relating to ownership, control, and operation of freight forwarders are extremely confusing and, in some instances, appear to be in conflict. Section 411(g), for example, states, in part, that "Nothing in this Act shall be construed to make it unlawful for any common carrier subject to part I, II, or III \* \* \*, or any person controlling such a common carrier, to have or acquire control of a freight forwarder \* \* \*," yet, except for the holding of a director's qualifying shares, section 411(c) makes it unlawful for "any person controlling, controlled by, or under common control with such a common carrier \* \* \* to own, lease, control, or hold stock in, any freight forwarder, directly or indirectly \* \* \*." Thus, there is an apparent conflict between the two sections with respect to the lawfulness of a person controlling a carrier subject to part I, II, or III acquiring control of a forwarder.

We believe that the existing conflicts and uncertainties could best be removed by subjecting transactions involving unifications or acquisitions of control of freight forwarders to the provisions of section 5 of the act, and by repealing or revising any provisions of part IV inconsistent therewith. Appropriate provision would be made to preserve the legality of existing relationships.

6. We recommend that section 19a<sup>1</sup> be amended in the following respects: (1) to eliminate the requirement that the Commission determine the present value of land; (2) to eliminate the requirement that the Commission determine the valuation of property held by carriers for purposes other than for use in common carrier service; (3) to eliminate the requirement that the Commission ascertain and report the amount, value, and disposition of aids, gifts, grants, and donations and the amount and value of concessions and allowances made by carriers in consideration thereof; and (4) to make optional the requirement that the Commission keep itself informed of changes in the quantity of the property of carriers, following the completion of the original valuation of such property.

While determination of the present value of land was appropriate in finding original property valuations under an earlier concept which also gave consideration to the reproduction cost of property other than land, the determination of a rate base is not restricted to this or to any other single method. It is significant, in this connection, that the Commission, in later years, has seen fit in establishing a base for measuring rate of return, to use the original cost of property, except land, less depreciation thereon as shown by the books of account, plus estimated present value of land, plus an allowance for working capital.

There has been considerable latitude for a number of years with respect to what might properly be considered in arriving at a rate base, and the wide choice available to regulatory agencies in this connection has been recognized by the Supreme Court. In *Federal Power Commission v. Natural Gas Pipeline Co.*, 315 U.S. 586 (1942), the Court held that "The Constitution does not bind ratemaking bodies to the service of any single formula or combination of formulas. \* \* \*," and in *Federal Power Commission v. Hope Natural Gas Co.*, 320 U.S. 602 (1944), the Court amplified its opinion in the *Natural Gas Pipeline Co.* case by holding that "it is not the theory but the impact of the rate order which counts. If the total effect of the rate order cannot be said to be unjust and unreasonable, judicial inquiry under the Act is at an end. The fact that the method employed to reach that result may contain infirmities is not then important. \* \* \*"

The magnitude of an undertaking which contemplates field appraisal of land used in carrier operations, even if such work were attempted on a staggered or recurring cycle basis, would require the expenditure of large sums of money if present value determinations are to be kept reasonably current.

The Commission has made adequate provision for the proper accounting and financial reporting of noncarrier property, and the value of such property is not considered for valuation or ratemaking pur-

poses. Therefore, there is no need to value noncarrier property as presently required by section 19a.

Concerning aids, gifts, grants, and donations, practically all property in this category is of record in the original valuations found by the Commission for railroads. The significance of this information has diminished over the years, and carriers have long since discontinued the granting of concessions in the form of land-grant rates in consideration of such gratuities.

It is a current requirement that carriers by railroad and by pipeline report annually, the number of units of property added or retired during the year. This reporting requirement represents an unnecessary burden for railroads since property units are not used in the development of rate bases, as they were when the railroads were originally valued.

The situation with respect to the reporting of units of property changes by pipeline carriers is unlike that of the railroads. The Commission finds property valuations for pipeline carriers each year. In this process, property units are used in the development of the cost of reproduction new, an element which is considered by the Commission in arriving at the rate base.

**7. For the purpose of preserving, in the public interest and in the interest of national defense, adequate essential passenger service, we recommend enactment of legislation authorizing limited Federal grants of direct financial aid to rail passenger service.**

Despite heavy expenditures for modernization of equipment and facilities, the effectuation of operating economies, and the curtailment of little used services, the Nation's railroads continue to be plagued by staggering financial losses from passenger operations. These losses, in the face of dwindling freight net revenues, now constitute a serious threat to the ability of many rail carriers, especially those in the East, to continue to render essential passenger services. Public programs of direct and indirect financial assistance to competing forms of transportation, however meritorious, have contributed in no small way to this grave situation.

The past year has seen a rapid deterioration in the financial condition of many of the Nation's railroads, and it is now apparent that if the continued operation of essential rail passenger service is to be assured positive action will be required. Viewed solely from a defense standpoint, there would appear to be no feasible substitute for rail passenger service, which during World War II accounted for 97 percent of all organized military passenger movements within the United States. Considering also the current and anticipated "population explosion" and its impact on our economy, rail commutation service will be far more essential and much more widely used 10 years from

now than it is today, assuming that it is still available. Rail facilities, once lost, could not be reconstructed except at fantastic cost. We are convinced, therefore, that there is a need for immediate action to assure the continued operation of essential rail passenger service.

Passenger fare increases generally have reached the maximum presently acceptable to the traveling public. Other remedies or combinations of remedies must therefore be employed to prevent the early demise of much of our rail passenger and commutation service. These must include, among other things, self-help and application of honest, economical, and efficient practices by management, realism in the demands of labor, and, at the various levels of government, relief from crushing and often inequitable taxes. However, even with these objectives accomplished much rail passenger service, particularly commutation service, would continue to operate at a loss as long as the promotional activities of government provide financial support, directly or indirectly, to competing modes. The Commission has heretofore considered Federal subsidization of transportation undesirable and still does. However, the inequitable promotional policies in the field of passenger transportation being pursued at various levels of government, including Federal, require some balancing to avoid financial disaster.

In 1959 we recommended that the Federal Government, in cooperation with local and State authorities, seek effective means of removing the inequities between competitive modes of passenger transportation. See *Railroad Passenger Train Deficit*, 306 I.C.C. 417. Lack of action along these lines to avert the impending crisis, as earlier indicated in our public testimony in Senate hearings on the Decline of Common Carriage, compels us to suggest the alternative of limited direct Federal aid to rail passenger service.

Therefore, we urge the enactment of legislation authorizing limited Federal grants of direct financial aid for the purpose of preserving, in the public interest and in the interest of national defense, essential rail passenger service. The program should include such provisions as would, among other things, encourage the carriers themselves to improve passenger services and facilities, encourage tax relief and other assistance by State and local governments, and provide for disbursements of funds under a precise formula that would leave little need for the exercise of discretion. The amount of a grant under such a program should not be tied to the size of the passenger deficit of the particular railroad involved, but should be based primarily

on the amount of tax relief and other assistance extended by State and local authorities.

### RECOMMENDATIONS RENEWED FROM PRIOR REPORT

8. Would authorize the Commission to prescribe per diem charges on a basis that would provide an incentive to the carriers to procure and maintain an adequate national supply of freight cars. (Recommendation No. 2 in 74th Annual Report.)

S. 1840 and H.R. 7342 were introduced in the Senate and House, respectively, at our request, and hearings were held on S. 1840 and S. 886, an identical bill, before the Freight Car Shortage Subcommittee of the Senate Commerce Committee. No further action was taken on these measures.

9. Proposes that section 212(a) be amended (1) to make willful noncompliance with *any* lawful rule or regulation of the Commission ground for suspension, change, or revocation of motor carrier operating authorities, (2) to conform the revocation procedure therein prescribed to that provided in section 410(f), and (3) to provide for suspension on short notice of motor carrier operating authorities for noncompliance with the Commission's insurance regulations. (Recommendation No. 3 in 74th Annual Report.)

Bills S. 1042 and H.R. 5593 were introduced in the Senate and House, respectively, at our request to implement this recommendation, but no further action has been taken thereon.

10. Would provide for the bringing of suits against the Commission instead of the United States to set aside Commission orders. (Recommendation No. 4 in 74th Annual Report.)

S. 1591 was introduced in the Senate, at our request, to give effect to this recommendation, but a companion measure has not, as yet, been introduced in the House. Thus far, no hearing has been held on this measure.

11. Would substitute gross operating revenue for the number of vehicles owned or operated as a more reliable test for determining whether a proposed unification or acquisition of control of motor carriers is exempt from section 5. (Recommendation No. 5 in 74th Annual Report.)

No action has, as yet, been taken on bills S. 1285 and H.R. 5597, introduced in the Senate and House, respectively, at our request.

12. Would permit in motor carrier enforcement proceedings under section 222(b) the service of process upon carriers and the joining of any other necessary party without regard to where the carrier or other party may be served. (Recommendation No. 6 in 74th Annual Report.)

Bills S. 1043 and H.R. 5594 were introduced in the Senate and House, respectively, at our request, but no further action has been taken thereon.

13. Would repeal the water carrier bulk commodity exemption in section 303(b). (Recommendation No. 7 in 74th Annual Report.)

S. 1284 and H.R. 5595 were introduced in the Senate and House, respectively, at our request, to implement this proposal, but they have not as yet been scheduled for hearing.

14. Would authorize the Commission to deny, revoke, or suspend motor carrier operating authorities and brokers' licenses, or to require divestiture of interest, where such authority or license has been used in the commission of a crime affecting the fitness of the carrier or broker to engage in public transportation. (Recommendation No. 9 in 74th Annual Report.)

Bill S. 1590 was introduced in the Senate at our request, to implement this proposal, but no bill has, as yet, been introduced in the House. No further action has been taken on this recommendation.

15. Would make more definite the Commission's authority to prescribe regulations governing the safety of operations and equipment of private carriers of property by motor vehicle. (Recommendation No. 10 in 74th Annual Report.)

Bills to implement this recommendation were introduced in the Senate and House, respectively, at our request, as S. 1287 and H.R. 5598. No hearings on these measures have, as yet, been held.

16. Would authorize the Commission to award reparations against motor carriers and freight forwarders for damages arising from violations of parts II and IV of the act, respectively.

This recommendation was implemented by bills S. 1283 and H.R. 5596, introduced in the Senate and House, respectively, at our request. A hearing was held on H.R. 5596 before the Transportation and Aeronautics Subcommittee of the House Committee on Interstate and Foreign Commerce, but no further action has been taken thereon.

17. Would authorize the voluntary establishment of through routes and joint rates between motor and water common carriers subject to the Commission's jurisdiction and common carriers by water subject to regulation by the Federal Maritime Commission (formerly Federal Maritime Board) on traffic moving between Alaska or Hawaii and the other States. (Recommendation No. 12 in 74th Annual Report.)

No action, as yet, has been taken on bills S. 1839 or H.R. 7343 introduced in the Senate and House, respectively, to give effect to this proposal.

18. Would eliminate the mandatory oath requirement for certain reports, applications, and complaints filed with the Commission.

Bills S. 2037 and H.R. 7458 were introduced, at our request, in the Senate and House, respectively, to implement this recommendation, but no further action has been taken thereon.

19. Would protect members, officers, and employees of the Commission from assault while performing their official duties. (Recommendation No. 14 in 74th Annual Report.)

S. 1286 and H.R. 5599 were introduced in the Senate and House, respectively, to give effect to this proposal, but no hearings on these measures have, as yet, been scheduled.

EVERETT HUTCHINSON, *Chairman.*

RUPERT L. MURPHY, *Vice Chairman.*

HOWARD G. FREAS.

KENNETH H. TUGGLE.

LAURENCE K. WALRATH.

DONALD P. MCPHERSON.

ABE MCGREGOR GOFF.

CHARLES A. WEBB.

CLYDE E. HERRING.

JOHN W. BUSH.

WILLIAM H. TUCKER.



## APPENDIX A

### STATISTICS OF RAILROAD DEVELOPMENT FROM ANNUAL REPORTS OF CARRIERS

Data for years preceding 1950 for most of the tables appear in prior reports

TABLE I.—*Mileage operated and mileage owned by railroads in the United States, 1950-60*

| Year ended Dec. 31— | Road owned in the United States <sup>1</sup> (first main track) | Total miles of all tracks operated, excluding trackage rights <sup>2</sup> | Mileage operated by classes I and II line-haul railroads (including trackage rights) |                                  |                        |            |
|---------------------|-----------------------------------------------------------------|----------------------------------------------------------------------------|--------------------------------------------------------------------------------------|----------------------------------|------------------------|------------|
|                     |                                                                 |                                                                            | First main track                                                                     | Second or additional main tracks | Yard track and sidings | All tracks |
| 1950.....           | 223, 779                                                        | 375, 296                                                                   | 236, 857                                                                             | 40, 456                          | 119, 067               | 396, 380   |
| 1951.....           | 223, 427                                                        | 374, 852                                                                   | 236, 476                                                                             | 40, 157                          | 119, 198               | 395, 831   |
| 1952.....           | 222, 508                                                        | 373, 571                                                                   | 235, 545                                                                             | 39, 977                          | 119, 109               | 394, 631   |
| 1953.....           | 221, 753                                                        | 372, 584                                                                   | 234, 959                                                                             | 39, 794                          | 118, 983               | 393, 736   |
| 1954.....           | 221, 098                                                        | 371, 339                                                                   | 234, 342                                                                             | 39, 520                          | 118, 718               | 392, 580   |
| 1955.....           | 220, 670                                                        | 369, 401                                                                   | 233, 955                                                                             | 38, 825                          | 118, 185               | 390, 965   |
| 1956.....           | 220, 221                                                        | 368, 020                                                                   | 233, 509                                                                             | 37, 908                          | 118, 251               | 389, 668   |
| 1957.....           | 219, 067                                                        | 365, 915                                                                   | 232, 177                                                                             | 37, 123                          | 117, 678               | 386, 978   |
| 1958.....           | 218, 399                                                        | 364, 353                                                                   | 231, 494                                                                             | 36, 448                          | 117, 322               | 385, 264   |
| 1959.....           | 217, 565                                                        | 362, 506                                                                   | 230, 930                                                                             | 35, 746                          | 117, 236               | 383, 912   |
| 1960.....           | 217, 552                                                        | 360, 566                                                                   | 230, 169                                                                             | 34, 800                          | 116, 776               | 381, 745   |

<sup>1</sup> Includes mileage of some small companies that do not make annual reports to the Commission.

<sup>2</sup> Includes mileage of classes I and II line-haul railroads and switching and terminal companies.

TABLE II.—*Equipment of railroads, including switching and terminal companies, in service at the close of each year, 1950-60*<sup>1</sup>

| Year ended Dec. 31— | Locomotives |                                      |          |                                      |         |                                      |        |                                      |
|---------------------|-------------|--------------------------------------|----------|--------------------------------------|---------|--------------------------------------|--------|--------------------------------------|
|                     | Steam       |                                      | Electric |                                      | Diesel  |                                      | Other  |                                      |
|                     | Number      | Average tractive effort <sup>2</sup> | Number   | Average tractive effort <sup>2</sup> | Number  | Average tractive effort <sup>2</sup> | Number | Average tractive effort <sup>2</sup> |
|                     |             | <i>Pounds</i>                        |          | <i>Pounds</i>                        |         | <i>Pounds</i>                        |        | <i>Pounds</i>                        |
| 1950.....           | 26, 680     | 57, 075                              | 827      | 59, 713                              | 15, 396 | 57, 487                              | 48     | 18, 842                              |
| 1951.....           | 22, 590     | 58, 476                              | 817      | 60, 037                              | 19, 014 | 58, 202                              | 52     | 19, 687                              |
| 1952.....           | 16, 738     | 59, 966                              | 791      | 60, 415                              | 22, 118 | 58, 918                              | 52     | <sup>3</sup> 59, 176                 |
| 1953.....           | 12, 274     | 61, 339                              | 713      | 62, 060                              | 24, 209 | 59, 393                              | 55     | <sup>3</sup> 77, 150                 |
| 1954.....           | 9, 041      | 63, 152                              | 669      | 62, 605                              | 25, 256 | 59, 692                              | 67     | <sup>3</sup> 108, 114                |
| 1955.....           | 6, 266      | 65, 005                              | 639      | 64, 577                              | 26, 563 | 63, 644                              | 34     | <sup>3</sup> 111, 353                |
| 1956.....           | 2, 918      | 68, 745                              | 616      | 64, 198                              | 28, 001 | 60, 489                              | 58     | <sup>3</sup> 117, 031                |
| 1957.....           | 2, 608      | 72, 030                              | 597      | 65, 696                              | 29, 137 | 60, 479                              | 49     | <sup>3</sup> 117, 567                |
| 1958.....           | 1, 488      | 73, 692                              | 562      | 66, 914                              | 29, 515 | 60, 593                              | 51     | <sup>3</sup> 135, 875                |
| 1959.....           | 871         | 73, 298                              | 517      | 71, 221                              | 30, 097 | 60, 911                              | 54     | <sup>3</sup> 156, 297                |
| 1960.....           | 374         | 76, 920                              | 498      | 64, 102                              | 30, 240 | 61, 122                              | 66     | <sup>3</sup> 169, 592                |

See footnotes at end of table.

TABLE II.—*Equipment of railroads, including switching and terminal companies, in service at the close of each year, 1950-60*<sup>1</sup>—Continued

| Year ended Dec. 31— | Cars                             |                               |                 |         |                                       |                                     |
|---------------------|----------------------------------|-------------------------------|-----------------|---------|---------------------------------------|-------------------------------------|
|                     | Freight cars (excluding caboose) |                               | Passenger train | Coaches |                                       |                                     |
|                     | Number                           | Average capacity <sup>2</sup> | Number          | Number  | Average seating capacity <sup>2</sup> | Number air-conditioned <sup>2</sup> |
|                     |                                  | <i>Tons</i>                   |                 |         |                                       |                                     |
| 1950.....           | 1,745,778                        | 52.6                          | 37,359          | 16,488  | 75                                    | 7,351                               |
| 1951.....           | 1,777,878                        | 52.9                          | 36,326          | 15,856  | 76                                    | 7,389                               |
| 1952.....           | 1,783,352                        | 53.2                          | 34,942          | 14,957  | 74                                    | 7,356                               |
| 1953.....           | 1,801,874                        | 53.5                          | 34,106          | 14,460  | 74                                    | 7,427                               |
| 1954.....           | 1,761,386                        | 53.7                          | 33,035          | 14,210  | 74                                    | 7,689                               |
| 1955.....           | 1,723,747                        | 53.7                          | 32,182          | 13,543  | 75                                    | 7,378                               |
| 1956.....           | 1,738,631                        | 54.0                          | 30,817          | 12,867  | 75                                    | 7,414                               |
| 1957.....           | 1,777,557                        | 54.5                          | 29,564          | 12,328  | 75                                    | 7,295                               |
| 1958.....           | 1,755,775                        | 54.8                          | 28,999          | 11,934  | 76                                    | 7,118                               |
| 1959.....           | 1,708,116                        | 55.0                          | 27,419          | 11,121  | 76                                    | 6,751                               |
| 1960.....           | 1,690,396                        | 55.4                          | 25,746          | 10,287  | 76                                    | 6,316                               |

<sup>1</sup> Privately owned cars and cars owned or leased by the Pullman Co., are not included. In 1960 privately owned freight carrying cars numbered 275,090 and cars owned or leased by the Pullman Co., 2,650.

<sup>2</sup> Class I railroads.

<sup>3</sup> Includes gas turbine electric locomotives having average tractive effort as follows: 1952, 6 locomotives of 138,000 pounds; 1953, 10 locomotives of 137,900 pounds; 1954 through 1957, 25 locomotives of 137,920 pounds; 1958, 29 locomotives of 147,931 pounds; 1959, 36 locomotives of 160,111 pounds; 1960, 48 locomotives of 172,729 pounds.

TABLE III.—*Railroad capital actually outstanding and net income, 1950-60: Line-haul railroads and their lessor subsidiaries*

| Year ended Dec. 31— | Total railroad capital | Funded debt unmatured <sup>1</sup> | Preferred stock  | Common stock     | Ratio of debt to capital | Net income <sup>2</sup> | Ratio of net income to stock |
|---------------------|------------------------|------------------------------------|------------------|------------------|--------------------------|-------------------------|------------------------------|
|                     | <i>Thousands</i>       | <i>Thousands</i>                   | <i>Thousands</i> | <i>Thousands</i> | <i>Percent</i>           | <i>Thousands</i>        | <i>Percent</i>               |
| 1950.....           | \$18,273,631           | \$9,089,499                        | \$1,976,670      | \$7,207,462      | 49.7                     | \$854,951               | 9.31                         |
| 1951.....           | 18,219,950             | 9,007,960                          | 1,976,699        | 7,235,291        | 49.4                     | 757,934                 | 8.23                         |
| 1952.....           | 18,066,968             | 8,870,639                          | 1,953,640        | 7,242,689        | 49.1                     | 900,472                 | 9.79                         |
| 1953.....           | 17,658,048             | 8,767,043                          | 1,868,411        | 7,022,594        | 49.6                     | 939,887                 | 10.57                        |
| 1954.....           | 17,590,304             | 8,744,039                          | 1,530,064        | 7,316,201        | 49.7                     | 712,252                 | 8.05                         |
| 1955.....           | 17,422,043             | 8,771,315                          | 1,309,482        | 7,341,246        | 50.3                     | 958,849                 | 11.08                        |
| 1956.....           | 17,399,198             | 9,093,139                          | 1,394,985        | 6,911,074        | 52.3                     | 908,416                 | 10.94                        |
| 1957.....           | 16,774,573             | 9,115,053                          | 1,369,233        | 6,290,287        | 54.3                     | 765,227                 | 9.99                         |
| 1958.....           | 16,602,537             | 9,093,753                          | 1,266,001        | 6,242,782        | 54.8                     | 630,033                 | 8.39                         |
| 1959.....           | 16,365,102             | 8,885,861                          | 1,245,673        | 6,233,568        | 54.3                     | 607,924                 | 8.13                         |
| 1960.....           | 16,133,729             | 8,730,551                          | 1,218,060        | 6,185,118        | 54.1                     | 473,175                 | 6.39                         |

<sup>1</sup> Does not include long-term debt in default. For class I railroads and their nonoperating subsidiaries such debt amounted to \$17,228 (thousands) at the close of 1960.

<sup>2</sup> Intercompany duplications not eliminated, but amounts shown correspond with the stock in the second and third preceding columns.

TABLE IV.—*Dividends, 1950-60: Line-haul railroads and their lessor subsidiaries*

| Year ended Dec. 31— | Proportion of stock-paying dividends <sup>1</sup> | Amounts of dividends <sup>1</sup> | Average rate on—                   |                | Dividends declared <sup>2</sup> |                 |
|---------------------|---------------------------------------------------|-----------------------------------|------------------------------------|----------------|---------------------------------|-----------------|
|                     |                                                   |                                   | Dividend-paying stock <sup>1</sup> | All stock      | On preferred stock              | On common stock |
|                     | <i>Percent</i>                                    | <i>Thousands</i>                  | <i>Percent</i>                     | <i>Percent</i> |                                 |                 |
| 1950.....           | 73.70                                             | \$348,811                         | 5.15                               | 3.80           | \$79,191,647                    | \$232,907,042   |
| 1951.....           | 72.74                                             | 373,574                           | 5.58                               | 4.06           | 87,900,473                      | 240,577,360     |
| 1952.....           | 73.23                                             | 394,042                           | 5.85                               | 4.28           | 75,376,804                      | 262,688,453     |
| 1953.....           | 81.57                                             | 445,145                           | 6.14                               | 5.01           | 77,974,384                      | 334,089,068     |
| 1954.....           | 74.82                                             | 405,410                           | 6.13                               | 4.58           | 72,738,779                      | 306,605,209     |
| 1955.....           | 84.39                                             | 476,748                           | 6.53                               | 5.51           | 70,768,164                      | 377,450,539     |
| 1956.....           | 81.69                                             | 487,905                           | 7.19                               | 5.87           | 46,239,794                      | 415,468,274     |
| 1957.....           | 84.41                                             | 466,415                           | 7.21                               | 6.09           | 46,500,614                      | 391,889,328     |
| 1958.....           | 70.45                                             | 444,982                           | 8.41                               | 5.93           | 42,258,920                      | 376,506,263     |
| 1959.....           | 76.89                                             | 431,860                           | 7.51                               | 5.77           | 40,996,898                      | 364,643,640     |
| 1960.....           | 75.88                                             | 411,650                           | 7.33                               | 5.56           | 36,454,767                      | 349,040,714     |

<sup>1</sup> Includes figures for lessors and operating railroads without excluding duplications on account of intercorporate payments. Stock dividends for the last 11 years have been as follows: \$2,426,100 in 1951, \$767,537 in 1952, \$26,035,890 in 1953, \$5,000,000 in 1954, \$2,130,100 in 1955, \$22,038,223 in 1956, \$635,174 in 1957, \$46,282,730 in 1958, \$2,402,789 in 1959, of which \$65,364 was credited to Capital Surplus for amount in excess of par value of stock dividends declared, and \$2,329 in 1960.

<sup>2</sup> By class I line-haul railroads.

TABLE V.—*Reported property investment and selected income items, 1950-60: Line-haul railroads and their lessor subsidiaries*

| Year ended Dec. 31— | Investment <sup>1</sup>   | Investment per mile of road | Depreciation reserve <sup>2</sup> | Net railway operating income <sup>3</sup> | Other income <sup>4</sup> | Fixed charges and other deductions <sup>5</sup> | Net income       |
|---------------------|---------------------------|-----------------------------|-----------------------------------|-------------------------------------------|---------------------------|-------------------------------------------------|------------------|
|                     | <i>Thousands</i>          |                             | <i>Thousands</i>                  | <i>Thousands</i>                          | <i>Thousands</i>          | <i>Thousands</i>                                | <i>Thousands</i> |
| 1950.....           | <sup>6</sup> \$30,174,312 | \$135,076                   | \$6,629,150                       | \$1,055,309                               | \$245,433                 | \$504,926                                       | \$854,951        |
| 1951.....           | <sup>6</sup> 31,077,781   | 139,332                     | 6,837,120                         | 956,699                                   | 253,758                   | 506,538                                         | 757,934          |
| 1952.....           | <sup>6</sup> 31,822,114   | 143,238                     | 6,926,771                         | 1,091,657                                 | 269,614                   | 525,746                                         | 900,472          |
| 1953.....           | <sup>6</sup> 32,416,389   | 146,414                     | 7,009,758                         | 1,122,512                                 | 290,116                   | 498,995                                         | 939,887          |
| 1954.....           | <sup>6</sup> 32,709,615   | 148,183                     | 7,175,101                         | 887,816                                   | 257,364                   | 452,958                                         | 712,252          |
| 1955.....           | <sup>6</sup> 33,034,952   | 149,950                     | 7,313,951                         | 1,144,347                                 | 250,503                   | 453,918                                         | 958,849          |
| 1956.....           | <sup>6</sup> 33,714,159   | 153,303                     | 7,542,856                         | 1,083,708                                 | 259,677                   | 451,169                                         | 908,416          |
| 1957.....           | <sup>6</sup> 34,614,517   | 158,255                     | 7,800,925                         | 934,645                                   | 277,634                   | 460,730                                         | 765,227          |
| 1958.....           | <sup>6</sup> 34,934,471   | 160,179                     | 8,043,497                         | 772,898                                   | 323,153                   | 482,439                                         | 630,033          |
| 1959.....           | <sup>6</sup> 35,157,554   | 161,834                     | 8,295,563                         | 760,140                                   | 306,732                   | 475,075                                         | 607,924          |
| 1960.....           | <sup>6</sup> 35,513,351   | 163,885                     | 8,532,411                         | 594,618                                   | 338,466                   | 475,520                                         | 473,175          |

<sup>1</sup> Includes investment of operating, lessor, and proprietary companies. Proprietary companies do not render annual reports to the Commission but information concerning them is given in reports of the operating companies.

<sup>2</sup> Includes amortization of defense projects. Proprietary companies beginning in 1950.

<sup>3</sup> Classes I and II line-haul railroads.

<sup>4</sup> Includes amounts received as interest or dividends on railroad securities owned by reporting carriers. See Transport Statistics in the United States, table 109. Figures represent classes I and II line-haul railroads.

<sup>5</sup> The interest included represents accruals, not payments. In 1960, the interest payments on unmatured funded debt and long-term debt in default in excess of accruals was \$15,212,719 for class I railroads. Figures represent classes I and II line-haul railroads.

<sup>6</sup> Includes investment of lessor and proprietary companies, as follows, but excludes investment of proprietary companies in systems which file consolidated annual reports combining the mileage, investment and other items on a net system basis:

| Year      | Lessor companies | Proprietary companies | Year      | Lessor companies | Proprietary companies |
|-----------|------------------|-----------------------|-----------|------------------|-----------------------|
|           | <i>Thousands</i> | <i>Thousands</i>      |           | <i>Thousands</i> | <i>Thousands</i>      |
| 1950..... | \$3,407,102      | \$616,495             | 1956..... | \$2,234,533      | \$506,107             |
| 1951..... | 3,258,907        | 617,846               | 1957..... | 2,335,220        | 500,539               |
| 1952..... | 3,173,506        | 594,910               | 1958..... | 2,238,968        | 501,004               |
| 1953..... | 2,289,043        | 551,485               | 1959..... | 2,194,123        | 512,011               |
| 1954..... | 2,273,924        | 522,611               | 1960..... | 2,171,069        | 510,363               |
| 1955..... | 2,243,939        | 521,665               |           |                  |                       |

TABLE VI.—Operating revenues, operating expenses, and taxes: Class I line-haul railroads, 1950-60

| Year ended Dec. 31— | Operating revenues | Freight revenues | Passenger revenues | Operating expenses | Railway tax accruals <sup>1</sup> |                                  |                  | Ratio of total operating expenses to total operating revenues |
|---------------------|--------------------|------------------|--------------------|--------------------|-----------------------------------|----------------------------------|------------------|---------------------------------------------------------------|
|                     |                    |                  |                    |                    | U.S. Government taxes             | Other than U.S. Government taxes | Total            |                                                               |
|                     | <i>Thousands</i>   | <i>Thousands</i> | <i>Thousands</i>   | <i>Thousands</i>   | <i>Thousands</i>                  | <i>Thousands</i>                 | <i>Thousands</i> | <i>Percent</i>                                                |
| 1950 .....          | \$9,473,093        | \$7,817,263      | \$813,417          | \$7,059,276        | \$868,037                         | \$328,226                        | \$1,196,263      | 74.52                                                         |
| 1951 .....          | 10,390,611         | 8,634,101        | 900,310            | 8,041,277          | 858,106                           | 347,646                          | 1,205,752        | 77.39                                                         |
| 1952 .....          | 10,580,762         | 8,788,635        | 906,185            | 8,052,518          | 908,729                           | 355,535                          | 1,264,264        | 76.11                                                         |
| 1953 .....          | 10,664,169         | 8,950,522        | 841,962            | 8,135,229          | 824,704                           | 362,722                          | 1,187,426        | 76.29                                                         |
| 1954 .....          | 9,370,826          | 7,797,885        | 767,283            | 7,384,499          | 500,788                           | 361,801                          | 862,589          | 78.80                                                         |
| 1955 .....          | 10,106,330         | 8,538,286        | 742,945            | 7,646,418          | 702,765                           | 379,602                          | 1,082,367        | 75.66                                                         |
| 1956 .....          | 10,550,943         | 8,931,423        | 756,582            | 8,108,353          | 730,619                           | 392,910                          | 1,123,529        | 76.85                                                         |
| 1957 .....          | 10,491,390         | 8,928,511        | 735,339            | 8,227,522          | 666,171                           | 404,246                          | 1,070,417        | 78.42                                                         |
| 1958 .....          | 9,564,568          | 8,070,826        | 675,296            | 7,543,842          | 560,564                           | 398,269                          | 958,833          | 78.87                                                         |
| 1959 .....          | 9,825,060          | 8,312,181        | 651,168            | 7,704,815          | 644,889                           | 404,322                          | 1,049,211        | 78.42                                                         |
| 1960 .....          | 9,514,294          | 8,025,423        | 640,268            | 7,565,336          | 600,610                           | 400,231                          | 1,000,841        | 79.52                                                         |

<sup>1</sup> Includes lessor companies.

TABLE VII.—Number and compensation of employees: Class I line-haul railroads, 1950-60

| Year ended Dec. 31— | Average number of employees during year <sup>1</sup> | Total hours paid for | Compensation of railroad employees <sup>2</sup> |                  |                   |                   |
|---------------------|------------------------------------------------------|----------------------|-------------------------------------------------|------------------|-------------------|-------------------|
|                     |                                                      |                      | Total                                           | Average per hour | Ratio to revenues | Ratio to expenses |
|                     |                                                      | <i>Thousands</i>     | <i>Thousands</i>                                |                  | <i>Percent</i>    | <i>Percent</i>    |
| 1950 .....          | 1,220,401                                            | 2,876,591            | \$4,594,423                                     | \$1.597          | 48.50             | 65.08             |
| 1951 .....          | 1,275,744                                            | 2,978,870            | 5,272,975                                       | 1.770            | 50.75             | 65.57             |
| 1952 .....          | 1,226,421                                            | 2,845,217            | 5,326,804                                       | 1.872            | 50.34             | 66.15             |
| 1953 .....          | 1,205,966                                            | 2,777,235            | 5,324,951                                       | 1.917            | 49.93             | 65.46             |
| 1954 .....          | 1,064,337                                            | 2,467,515            | 4,853,660                                       | 1.967            | 51.80             | 65.73             |
| 1955 .....          | 1,057,866                                            | 2,502,608            | 4,992,235                                       | 1.995            | 49.40             | 65.29             |
| 1956 .....          | 1,043,447                                            | 2,466,176            | 5,324,672                                       | 2.159            | 50.47             | 65.67             |
| 1957 .....          | 984,974                                              | 2,314,973            | 5,358,049                                       | 2.315            | 51.07             | 65.12             |
| 1958 .....          | 840,580                                              | 1,980,557            | 4,929,906                                       | 2.489            | 51.54             | 65.35             |
| 1959 .....          | 815,509                                              | 1,924,500            | 4,986,251                                       | 2.591            | 50.75             | 64.72             |
| 1960 .....          | 780,971                                              | 1,840,615            | 4,893,622                                       | 2.659            | 51.43             | 64.68             |

<sup>1</sup> This is the average of 12 counts made at middle of month and differs from the number of persons receiving pay during the month of year regardless of whether for a long or short period.<sup>2</sup> In 1960, \$4,660,610,509 or 95.24 percent of the reported compensation was chargeable to operating expenses.

TABLE VIII.—Freight transportation service performed by line-haul railroads, 1950-60

| Year ended Dec. 31— | Revenue tons originated | Revenue tons carried 1 mile | Loaded car miles | Average haul              |                         | Average amount received for each ton originated | Revenue per ton-mile |
|---------------------|-------------------------|-----------------------------|------------------|---------------------------|-------------------------|-------------------------------------------------|----------------------|
|                     |                         |                             |                  | United States as a system | For the individual road |                                                 |                      |
|                     | <i>Thousands</i>        | <i>Millions</i>             | <i>Millions</i>  | <i>Miles</i>              | <i>Miles</i>            |                                                 | <i>Cents</i>         |
| 1950 .....          | 1,420,891               | 591,550                     | 19,736           | 416.32                    | 218.21                  | \$5.584                                         | 1.341                |
| 1951 .....          | 1,547,238               | 649,831                     | 20,709           | 419.99                    | 220.97                  | 5.660                                           | 1.348                |
| 1952 .....          | 1,447,410               | 617,941                     | 19,919           | 426.93                    | 223.11                  | 6.159                                           | 1.443                |
| 1953 .....          | 1,447,655               | 608,964                     | 19,863           | 420.66                    | 221.36                  | 6.271                                           | 1.491                |
| 1954 .....          | 1,279,267               | 552,197                     | 18,239           | 431.65                    | 227.81                  | 6.187                                           | 1.433                |
| 1955 .....          | 1,455,625               | 626,892                     | 20,226           | 430.67                    | 227.88                  | 5.953                                           | 1.382                |
| 1956 .....          | 1,521,163               | 651,188                     | 20,364           | 428.09                    | 228.02                  | 5.975                                           | 1.396                |
| 1957 .....          | 1,449,007               | 621,907                     | 19,183           | 429.20                    | 230.77                  | 6.255                                           | 1.457                |
| 1958 .....          | 1,247,407               | 554,534                     | 17,273           | 444.55                    | 239.30                  | 6.568                                           | 1.477                |
| 1959 .....          | 1,292,581               | 578,637                     | 17,905           | 447.66                    | 239.36                  | 6.531                                           | 1.459                |
| 1960 .....          | 1,301,303               | 575,360                     | 17,379           | 442.14                    | 238.83                  | 6.264                                           | 1.417                |

TABLE IX.—*Carload, trainload, and density of traffic: Class I line-haul railroads, 1950-60*

| Year ended Dec. 31— | Ton-mile<br>revenue and<br>nonrevenue<br>freight per<br>loaded freight-<br>car-mile | Revenue<br>ton-miles<br>per train-<br>mile | Passenger-<br>miles per<br>car-mile | Passenger-<br>miles per<br>train-mile | Revenue<br>ton-miles<br>per mile of<br>road | Passenger-<br>miles per<br>mile of<br>road |
|---------------------|-------------------------------------------------------------------------------------|--------------------------------------------|-------------------------------------|---------------------------------------|---------------------------------------------|--------------------------------------------|
| 1950.....           | 31.63                                                                               | 1,157                                      | 17                                  | 89                                    | 2,598,236                                   | 143,285                                    |
| 1951.....           | 32.87                                                                               | 1,238                                      | 18                                  | 97                                    | 2,860,589                                   | 156,771                                    |
| 1952.....           | 32.42                                                                               | 1,236                                      | 18                                  | 99                                    | 2,722,052                                   | 154,299                                    |
| 1953.....           | 31.97                                                                               | 1,243                                      | 18                                  | 95                                    | 2,687,176                                   | 143,889                                    |
| 1954.....           | 31.26                                                                               | 1,240                                      | 17                                  | 92                                    | 2,440,924                                   | 133,993                                    |
| 1955.....           | 31.97                                                                               | 1,322                                      | 18                                  | 95                                    | 2,773,638                                   | 131,272                                    |
| 1956.....           | 32.83                                                                               | 1,375                                      | 18                                  | 97                                    | 2,893,286                                   | 130,454                                    |
| 1957.....           | 33.29                                                                               | 1,396                                      | 18                                  | 94                                    | 2,776,983                                   | 120,456                                    |
| 1958.....           | 32.89                                                                               | 1,388                                      | 19                                  | 94                                    | 2,486,153                                   | 109,152                                    |
| 1959.....           | 33.08                                                                               | 1,401                                      | 19                                  | 98                                    | 2,602,794                                   | 103,658                                    |
| 1960.....           | 33.86                                                                               | 1,426                                      | 19                                  | 102                                   | 2,592,653                                   | 100,761                                    |

TABLE X.—*Passenger transportation service performed by line-haul railroads, 1950-60*

| Year ended Dec. 31— | Passengers<br>carried | Passenger-<br>miles | Average<br>journey<br>per<br>passenger <sup>1</sup> | Average<br>receipts<br>per<br>passenger | Revenue<br>per<br>passenger-<br>mile |
|---------------------|-----------------------|---------------------|-----------------------------------------------------|-----------------------------------------|--------------------------------------|
|                     | <i>Millions</i>       | <i>Millions</i>     | <i>Miles</i>                                        |                                         | <i>Cents</i>                         |
| 1950.....           | 488                   | 31,790              | 65.14                                               | \$1.669                                 | 2.563                                |
| 1951.....           | 485                   | 34,640              | 71.35                                               | 1.856                                   | 2.601                                |
| 1952.....           | 471                   | 34,033              | 72.26                                               | 1.925                                   | 2.665                                |
| 1953.....           | 458                   | 31,679              | 69.13                                               | 1.839                                   | 2.660                                |
| 1954.....           | 441                   | 29,310              | 66.50                                               | 1.742                                   | 2.620                                |
| 1955.....           | 433                   | 28,548              | 65.88                                               | 1.716                                   | 2.605                                |
| 1956.....           | 430                   | 28,216              | 65.62                                               | 1.762                                   | 2.685                                |
| 1957.....           | 413                   | 25,914              | 62.80                                               | 1.785                                   | 2.842                                |
| 1958.....           | 382                   | 23,295              | 61.04                                               | 1.772                                   | 2.903                                |
| 1959.....           | 354                   | 22,075              | 62.42                                               | 1.845                                   | 2.955                                |
| 1960.....           | 327                   | 21,284              | 65.05                                               | 1.961                                   | 3.014                                |

<sup>1</sup> This average is affected by the changing ratio of commutation traffic to the total traffic.

TABLE XI.—*Fuel consumed by motive-power units, and rails and ties laid: Class I line-haul railroads, 1950-60*

| Year<br>ended<br>Dec.<br>31— | Bituminous<br>coal (net<br>tons) | Anthra-<br>cite coal<br>(net<br>tons) | Fuel oil<br>(thou-<br>sands of<br>gallons) | Diesel oil<br>(thou-<br>sands of<br>gallons) | Electric-<br>ity (thou-<br>sands of<br>kilowatt-<br>hours) | Rails ap-<br>plied in<br>replace-<br>ment and<br>better-<br>ment (all<br>tracks)<br>(tons) <sup>1</sup> | Ties laid in previously<br>constructed tracks |                                               |
|------------------------------|----------------------------------|---------------------------------------|--------------------------------------------|----------------------------------------------|------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------|
|                              |                                  |                                       |                                            |                                              |                                                            |                                                                                                         | Crossties<br>(number)                         | Switch and<br>bridge ties<br>(feet<br>(b.m.)) |
| 1950.....                    | 55,410,450                       | 41,138                                | 2,284,443                                  | 1,827,175                                    | 2,260,448                                                  | 2,190,516                                                                                               | 30,493,607                                    | 98,399,781                                    |
| 1951.....                    | 48,310,890                       | 6,721                                 | 2,044,300                                  | 2,267,675                                    | 2,286,823                                                  | 2,058,897                                                                                               | 29,061,560                                    | 92,798,640                                    |
| 1952.....                    | 32,884,858                       | 388                                   | 1,505,068                                  | 2,653,579                                    | 2,237,481                                                  | 1,835,090                                                                                               | 30,331,899                                    | 96,917,440                                    |
| 1953.....                    | 23,402,084                       | 78                                    | 995,199                                    | 2,980,008                                    | 2,135,968                                                  | 2,057,492                                                                                               | 29,808,949                                    | 99,791,974                                    |
| 1954.....                    | 12,701,746                       | 49                                    | 466,780                                    | 3,121,244                                    | 2,044,607                                                  | 1,710,740                                                                                               | 23,173,611                                    | 85,346,254                                    |
| 1955.....                    | 11,427,313                       | -----                                 | 375,580                                    | 3,393,103                                    | 2,082,350                                                  | 1,890,002                                                                                               | 24,149,169                                    | 79,098,327                                    |
| 1956.....                    | 8,581,869                        | -----                                 | 191,426                                    | 3,565,919                                    | 2,091,478                                                  | 1,731,234                                                                                               | 23,646,332                                    | 74,099,682                                    |
| 1957.....                    | 4,866,161                        | 37                                    | 89,300                                     | 3,535,849                                    | 2,024,608                                                  | 1,592,124                                                                                               | 22,082,225                                    | 71,582,096                                    |
| 1958.....                    | 1,150,102                        | -----                                 | 67,172                                     | 3,381,838                                    | 1,805,676                                                  | 920,780                                                                                                 | 16,029,558                                    | 54,985,488                                    |
| 1959.....                    | 300,216                          | -----                                 | 81,776                                     | 3,483,959                                    | 1,748,480                                                  | 1,011,745                                                                                               | 16,423,307                                    | 54,378,386                                    |
| 1960.....                    | 39,307                           | -----                                 | 89,270                                     | 3,471,781                                    | 1,641,243                                                  | 914,733                                                                                                 | 14,318,721                                    | 49,902,467                                    |

<sup>1</sup> Tons of 2,240 pounds prior to 1955; tons of 2,000 pounds subsequent years.

## APPENDIX B

### STATISTICS FROM MONTHLY AND OTHER PERIODICAL REPORTS OF CARRIERS

TABLE A.—*Selected data and analysis of operating revenues, expenses, and income, class I line-haul railroads, 1959-60 and first 6 months of 1960 and 1961*

| Item                                                                                            | Calendar year     |                  | First 6 months   |                  |
|-------------------------------------------------------------------------------------------------|-------------------|------------------|------------------|------------------|
|                                                                                                 | 1959 <sup>1</sup> | 1960             | 1960             | 1961             |
| Operating revenues:                                                                             | <i>Thousands</i>  | <i>Thousands</i> | <i>Thousands</i> | <i>Thousands</i> |
| Freight.....                                                                                    | \$8,312,181       | \$8,025,423      | \$4,149,435      | \$3,726,406      |
| Passenger.....                                                                                  | 651,168           | 640,268          | 321,132          | 304,413          |
| Mail.....                                                                                       | 329,657           | 331,378          | 155,432          | 161,932          |
| Express.....                                                                                    | 116,055           | 100,145          | 53,468           | 39,343           |
| All other.....                                                                                  | 415,999           | 417,080          | 210,437          | 186,496          |
| Total.....                                                                                      | 9,825,060         | 9,514,294        | 4,889,904        | 4,418,590        |
| Percent of total:                                                                               |                   |                  |                  |                  |
| Freight.....                                                                                    | 84.60             | 84.35            | 84.86            | 84.34            |
| Passenger.....                                                                                  | 6.63              | 6.73             | 6.57             | 6.89             |
| Mail.....                                                                                       | 3.36              | 3.48             | 3.18             | 3.66             |
| Express.....                                                                                    | 1.18              | 1.05             | 1.09             | .89              |
| All other.....                                                                                  | 4.23              | 4.39             | 4.30             | 4.22             |
| Operating expenses:                                                                             | <i>Thousands</i>  | <i>Thousands</i> | <i>Thousands</i> | <i>Thousands</i> |
| Maintenance of way and structures.....                                                          | \$1,236,497       | \$1,191,684      | \$606,536        | \$548,793        |
| Maintenance of equipment.....                                                                   | 1,797,890         | 1,759,829        | 910,939          | 833,389          |
| Traffic.....                                                                                    | 259,135           | 258,011          | 130,869          | 125,642          |
| Transportation.....                                                                             | 3,887,711         | 3,832,882        | 1,933,139        | 1,829,713        |
| General.....                                                                                    | 437,625           | 440,852          | 218,283          | 220,796          |
| All other.....                                                                                  | 85,957            | 82,060           | 40,580           | 38,045           |
| Total.....                                                                                      | 7,704,815         | 7,565,318        | 3,840,346        | 3,596,378        |
| Percent of total:                                                                               |                   |                  |                  |                  |
| Maintenance of way and structures.....                                                          | 16.05             | 15.75            | 15.79            | 15.26            |
| Maintenance of equipment.....                                                                   | 23.33             | 23.26            | 23.72            | 23.17            |
| Traffic.....                                                                                    | 3.36              | 3.41             | 3.41             | 3.49             |
| Transportation.....                                                                             | 50.46             | 50.66            | 50.34            | 50.88            |
| General.....                                                                                    | 5.68              | 5.83             | 5.68             | 6.14             |
| All other.....                                                                                  | 1.12              | 1.09             | 1.06             | 1.06             |
| Operating ratio, percent.....                                                                   | 78.4              | 79.5             | 78.5             | 81.4             |
| Railway tax accruals.....                                                                       | <i>Thousands</i>  | <i>Thousands</i> | <i>Thousands</i> | <i>Thousands</i> |
| Equipment rents—debit.....                                                                      | \$1,047,538       | \$998,799        | \$542,720        | \$481,996        |
| Joint facility rents—debit.....                                                                 | 282,263           | 321,218          | 152,886          | 172,742          |
| Net railway operating income.....                                                               | 42,670            | 44,925           | 23,301           | 21,506           |
| Other income.....                                                                               | 747,774           | 584,034          | 330,651          | 145,968          |
| Interest, rents, and other deductions.....                                                      | 314,548           | 316,328          | 146,687          | 152,442          |
| Net income.....                                                                                 | 484,510           | 485,705          | 239,144          | 237,929          |
| Federal income and excess-profits taxes <sup>2</sup> .....                                      | 577,812           | 444,657          | 238,194          | 60,481           |
| Net railway operating income before provisions for Federal income and excess-profits taxes..... | 259,347           | 204,262          | 138,406          | 101,836          |
| Net income before provisions for Federal income and excess-profits taxes.....                   | 1,017,121         | 788,296          | 469,057          | 247,804          |
| Net income before provisions for Federal income and excess-profits taxes.....                   | 847,159           | 648,919          | 376,600          | 162,317          |

<sup>1</sup> Revised.

<sup>2</sup> Included in railway tax accruals shown above.

TABLE B.—*Selected operating statistics in freight and passenger service, class I line-haul railroads, 1959-60 and first 6 months of 1960 and 1961*

| Item                                                                              | Calendar year |            | First 6 months    |           |
|-----------------------------------------------------------------------------------|---------------|------------|-------------------|-----------|
|                                                                                   | 1959          | 1960       | 1960 <sup>1</sup> | 1961      |
| Freight service:                                                                  |               |            |                   |           |
| Average miles of road operated.....                                               | 219,723       | 219,295    | 219,506           | 218,960   |
| Total revenue ton-miles (millions).....                                           | 575,418       | 572,216    | 294,076           | 269,322   |
| Tons of revenue freight carried (thousands).....                                  | 2,289,538     | 2,291,345  | 1,172,560         | 1,033,497 |
| Revenue tons originated (thousands).....                                          | 1,232,201     | 1,240,789  | 623,817           | 551,746   |
| Revenue per ton-mile (cents).....                                                 | 1.45          | 1.40       | 1.41              | 1.38      |
| Miles per revenue ton per road (average haul).....                                | 251.3         | 249.7      | 250.8             | 260.6     |
| Freight-train miles (thousands).....                                              | 414,134       | 404,464    | 207,450           | 188,560   |
| Net ton-miles per train-mile (including nonrevenue tons).....                     | 1,443         | 1,466      | 1,470             | 1,476     |
| Train-miles per mile of road per day.....                                         | 5.1           | 5.0        | 5.1               | 4.7       |
| Net ton-miles per mile of road per day.....                                       | 7,385         | 7,325      | 7,569             | 6,967     |
| Loaded car-miles (thousands).....                                                 | 17,803,329    | 17,281,974 | 8,931,673         | 8,060,814 |
| Empty car-miles (thousands).....                                                  | 10,786,244    | 10,871,169 | 5,567,463         | 5,156,679 |
| Percent loaded of total freight car-miles.....                                    | 62.3          | 61.4       | 61.6              | 61.0      |
| Percent eastbound or northbound of loaded car-miles.....                          | 55.4          | 55.0       | 54.6              | 55.0      |
| Net ton-miles per loaded car-mile.....                                            | 33.3          | 34.0       | 33.9              | 34.3      |
| Freight car-miles per train-mile—Total.....                                       | 69.6          | 70.2       | 70.5              | 70.7      |
| —Loaded.....                                                                      | 43.3          | 43.1       | 43.4              | 43.1      |
| —Empty.....                                                                       | 26.3          | 27.1       | 27.1              | 27.6      |
| Gross ton-miles per train-mile (excluding locomotives and tenders).....           | 3,206         | 3,257      | 3,269             | 3,292     |
| Gross ton-miles of locomotives and tenders per locomotive-mile.....               | 356           | 371        | 367               | 388       |
| Train-miles per train-hour (average).....                                         | 19.5          | 19.5       | 19.6              | 19.9      |
| Gross ton-miles per train-hour.....                                               | 61,924        | 63,070     | 63,409            | 65,032    |
| Car-miles per car-day.....                                                        | 41.2          | 40.9       | 42.1              | 39.2      |
| Net ton-miles per freight car-day.....                                            | 853           | 853        | 877               | 819       |
| Percent of freight locomotives unserviceable.....                                 | 9.3           | 7.5        | 7.4               | 7.3       |
| Percent of freight cars unserviceable.....                                        | 7.5           | 7.6        | 7.2               | 8.3       |
| Pounds of coal per 1,000 gross ton-miles (including locomotives and tenders)..... | 107           | 186        | 182               | 284       |
| Gallons of diesel oil per 1,000 gross ton-miles (including locomotives).....      | 1.74          | 1.76       | 1.76              | 1.80      |
| Passenger service:                                                                |               |            |                   |           |
| Average miles of road operated.....                                               | 100,041       | 93,893     | 94,606            | 90,262    |
| Passengers carried (thousands).....                                               | 352,310       | 325,846    | 170,245           | 159,256   |
| Total passenger-miles (millions).....                                             | 22,051        | 21,261     | 10,527            | 9,671     |
| Revenue passenger-miles per train-mile.....                                       | 97.6          | 100.9      | 99.0              | 97.3      |
| Revenue passenger-miles per car-mile.....                                         | 18.9          | 19.3       | 19.1              | 19.1      |
| Revenue per passenger per mile:                                                   |               |            |                   |           |
| Including commutation passengers (cents).....                                     | 2.95          | 3.01       | 3.05              | 3.15      |
| Excluding commutation passengers (cents).....                                     | 3.00          | 3.03       | 3.10              | 3.17      |
| Average journey per passenger per road (miles).....                               | 62.6          | 65.2       | 61.8              | 60.7      |
| Passenger-train miles (thousands).....                                            | 225,045       | 209,689    | 105,813           | 98,970    |
| Passenger-train car-miles (thousands).....                                        | 2,277,165     | 2,150,422  | 1,075,027         | 1,000,647 |
| Passenger-train cars per train.....                                               | 10.12         | 10.26      | 10.16             | 10.11     |
| Train-miles per mile of road per day.....                                         | 6.2           | 6.1        | 6.1               | 6.1       |
| Train-miles per train-hour.....                                                   | 40.3          | 40.7       | 40.6              | 40.9      |
| Percent of passenger locomotives unserviceable.....                               | 9.2           | 8.3        | 7.7               | 8.4       |
| Percent of passenger cars unserviceable.....                                      | 9.8           | 8.7        | 9.2               | 9.7       |
| Cost of fuel, all services (including freight charges):                           |               |            |                   |           |
| Average cost of coal per ton.....                                                 | \$6.44        | \$6.95     | \$6.95            | \$6.05    |
| Average cost of diesel oil per gallon (cents).....                                | 9.83          | 9.31       | 9.40              | 9.79      |

<sup>1</sup> Revised.

TABLE C.—Average number of employees and total compensation, by groups of employees, class I railroads, excluding switching and terminal companies, 1960-61

| Group of employees                                                      | Calendar year 1960                          |                    | 6 months, January to June, inclusive        |          |
|-------------------------------------------------------------------------|---------------------------------------------|--------------------|---------------------------------------------|----------|
|                                                                         | Average number of employees middle of month | Total compensation | Average number of employees middle of month |          |
|                                                                         |                                             |                    | 1960                                        | 1961     |
| I. Executives, officials, and staff assistants.....                     | 15, 043                                     | \$182, 520, 222    | 15, 158                                     | 14, 723  |
| II. Professional, clerical and general.....                             | 161, 452                                    | 934, 230, 309      | 162, 987                                    | 152, 405 |
| III. Maintenance of way and structures.....                             | 118, 516                                    | 610, 599, 348      | 120, 994                                    | 103, 168 |
| IV. Maintenance of equipment and stores.....                            | 184, 006                                    | 1, 019, 019, 499   | 190, 816                                    | 163, 893 |
| V. Transportation (other than train, engine, and yard).....             | 89, 873                                     | 503, 955, 833      | 90, 173                                     | 82, 494  |
| VI. (a) Transportation (yardmasters, switch-tenders, and hostlers)..... | 12, 082                                     | 93, 100, 322       | 12, 191                                     | 11, 332  |
| VI. (b) Transportation (train and engine service).....                  | 199, 522                                    | 1, 550, 132, 625   | 202, 443                                    | 183, 868 |
| All employees.....                                                      | 780, 494                                    | 4, 893, 558, 158   | 794, 762                                    | 711, 883 |

TABLE D.—*Carloads and tons of revenue freight originated and freight revenue, by commodities, calendar year 1960, class I railroads*

| Commodity groups                                             | Number of carloads  | Number of tons (2,000 pounds) | Freight revenue         |
|--------------------------------------------------------------|---------------------|-------------------------------|-------------------------|
| <b>Products of agriculture:</b>                              |                     |                               |                         |
| Wheat.....                                                   | 716, 475            | 40, 359, 536                  | \$264, 231, 809         |
| Corn.....                                                    | 395, 084            | 21, 590, 287                  | 105, 630, 529           |
| Other grains.....                                            | 404, 623            | 20, 737, 572                  | 136, 088, 899           |
| Flour, wheat.....                                            | 302, 122            | 10, 099, 484                  | 81, 109, 964            |
| Other mill products.....                                     | 329, 834            | 9, 099, 871                   | 66, 712, 251            |
| Cotton in bales.....                                         | 209, 388            | 4, 235, 544                   | 56, 773, 166            |
| Citrus fruits.....                                           | 51, 046             | 1, 039, 851                   | 35, 675, 205            |
| Other fresh fruits.....                                      | 160, 949            | 2, 295, 181                   | 83, 279, 827            |
| Potatoes, other than sweet.....                              | 151, 748            | 3, 399, 939                   | 71, 640, 409            |
| Other fresh vegetables.....                                  | 162, 681            | 2, 482, 608                   | 104, 116, 994           |
| Sugar beets.....                                             | 207, 216            | 9, 888, 103                   | 13, 302, 454            |
| All other.....                                               | 661, 846            | 25, 122, 139                  | 173, 860, 816           |
| <b>Total.....</b>                                            | <b>3, 752, 962</b>  | <b>150, 350, 115</b>          | <b>1, 192, 422, 323</b> |
| <b>Animals and products:</b>                                 |                     |                               |                         |
| Live animals.....                                            | 240, 765            | 2, 659, 445                   | 60, 187, 438            |
| Meats and other edible packinghouse products.....            | 230, 391            | 3, 639, 025                   | 112, 159, 630           |
| Poultry, live and dressed.....                               | 5, 352              | 134, 798                      | 3, 781, 715             |
| Dairy products.....                                          | 25, 324             | 593, 707                      | 12, 129, 811            |
| Wool and mohair.....                                         | 9, 281              | 177, 318                      | 4, 891, 541             |
| Hides and leather.....                                       | 27, 803             | 768, 131                      | 17, 980, 606            |
| All other.....                                               | 48, 051             | 1, 490, 134                   | 18, 069, 133            |
| <b>Total.....</b>                                            | <b>586, 967</b>     | <b>9, 462, 558</b>            | <b>229, 199, 874</b>    |
| <b>Products of mines:</b>                                    |                     |                               |                         |
| Anthracite coal <sup>1</sup> .....                           | 175, 135            | 9, 899, 596                   | 36, 620, 902            |
| Bituminous coal.....                                         | 4, 925, 990         | 304, 500, 304                 | 1, 034, 403, 703        |
| Coke.....                                                    | 379, 536            | 16, 452, 862                  | 67, 207, 999            |
| Iron ore.....                                                | 1, 421, 933         | 96, 846, 698                  | 226, 904, 321           |
| Other ores and concentrates.....                             | 299, 461            | 20, 626, 185                  | 82, 415, 449            |
| Gravel and sand.....                                         | 986, 712            | 61, 967, 438                  | 107, 485, 387           |
| Stone and rock: Broken, ground, and crushed.....             | 838, 511            | 50, 704, 667                  | 84, 537, 520            |
| Fluxing stone and raw dolomite.....                          | 241, 613            | 16, 161, 010                  | 32, 484, 241            |
| Petroleum, crude.....                                        | 51, 238             | 1, 888, 387                   | 9, 283, 233             |
| Phosphate rock.....                                          | 365, 606            | 24, 320, 916                  | 47, 828, 344            |
| All other.....                                               | 848, 123            | 45, 860, 418                  | 240, 290, 993           |
| <b>Total.....</b>                                            | <b>10, 533, 948</b> | <b>649, 228, 481</b>          | <b>1, 969, 462, 092</b> |
| <b>Products of forests:</b>                                  |                     |                               |                         |
| Logs, butts, and bolts.....                                  | 169, 498            | 6, 069, 629                   | 12, 343, 550            |
| Posts, poles, and piling, wooden.....                        | 79, 764             | 2, 459, 353                   | 24, 710, 849            |
| Pulpwood.....                                                | 928, 629            | 43, 732, 769                  | 82, 160, 493            |
| Lumber, shingles, and lath.....                              | 488, 060            | 15, 925, 679                  | 376, 631, 737           |
| All other.....                                               | 348, 184            | 11, 023, 237                  | 154, 875, 374           |
| <b>Total.....</b>                                            | <b>2, 014, 135</b>  | <b>79, 210, 667</b>           | <b>650, 722, 003</b>    |
| <b>Manufactures and miscellaneous:</b>                       |                     |                               |                         |
| Refined petroleum products.....                              | 956, 805            | 27, 435, 252                  | 227, 004, 381           |
| Vegetable oils.....                                          | 109, 441            | 3, 304, 820                   | 41, 813, 068            |
| Chemicals.....                                               | 536, 472            | 23, 513, 784                  | 281, 058, 789           |
| Fertilizers, n.o.s.....                                      | 382, 797            | 19, 455, 221                  | 150, 961, 429           |
| Metals and alloys, other than iron and steel.....            | 124, 400            | 5, 543, 945                   | 98, 758, 540            |
| Pig iron.....                                                | 56, 201             | 3, 347, 136                   | 17, 320, 582            |
| Semifinished iron and steel.....                             | 205, 645            | 12, 175, 682                  | 57, 806, 665            |
| Manufactured iron and steel.....                             | 1, 003, 226         | 38, 919, 687                  | 442, 957, 202           |
| Vehicles and parts, motor and other.....                     | 804, 666            | 12, 864, 708                  | 394, 491, 601           |
| Cement, natural and portland.....                            | 473, 003            | 27, 982, 871                  | 94, 602, 084            |
| Paper and paper products.....                                | 1, 101, 208         | 31, 507, 934                  | 463, 650, 527           |
| Alcoholic beverages.....                                     | 134, 008            | 4, 235, 749                   | 71, 940, 940            |
| Sugar.....                                                   | 137, 154            | 6, 262, 804                   | 55, 450, 188            |
| Food products, n.o.s., in cans and packages, not frozen..... | 444, 836            | 12, 459, 790                  | 217, 120, 522           |
| Feed, animal and poultry, n.o.s.....                         | 574, 711            | 15, 800, 180                  | 85, 339, 418            |
| Containers, metal, wooden, and paper.....                    | 342, 562            | 4, 228, 992                   | 76, 148, 189            |
| Scrap iron and steel.....                                    | 410, 581            | 20, 279, 014                  | 82, 394, 410            |
| All other.....                                               | 2, 755, 477         | 75, 100, 351                  | 1, 157, 207, 265        |
| <b>Total.....</b>                                            | <b>10, 553, 193</b> | <b>344, 417, 920</b>          | <b>4, 016, 055, 800</b> |
| <b>Forwarder traffic.....</b>                                | <b>445, 743</b>     | <b>4, 905, 564</b>            | <b>190, 932, 618</b>    |
| <b>Grand total carload traffic.....</b>                      | <b>27, 886, 948</b> | <b>1, 237, 575, 305</b>       | <b>8, 248, 794, 710</b> |
| <b>All l.c.l. freight.....</b>                               |                     | <b>3, 213, 387</b>            | <b>152, 891, 023</b>    |
| <b>Grand total, carload and l.c.l.....</b>                   |                     | <b>1, 240, 788, 692</b>       | <b>8, 401, 685, 733</b> |

<sup>1</sup> Excludes coal to breakers and washeries.

TABLE E.—*Revenues, expenses, and income of class I motor carriers <sup>1</sup> of property for the calendar year 1960 compared with the same carriers for 1959 <sup>2</sup>*

| Item                                                                      | Total carriers reported |                    |
|---------------------------------------------------------------------------|-------------------------|--------------------|
|                                                                           | 1959                    | 1960               |
| <b>INTERCITY CARRIERS</b>                                                 |                         |                    |
| Number of carriers represented.....                                       | 923                     | 923                |
| Revenues:                                                                 |                         |                    |
| Freight revenue—Intercity—Common carrier.....                             | \$4, 298, 866, 077      | \$4, 376, 365, 867 |
| Freight revenue—Intercity—Contract carrier.....                           | 212, 359, 732           | 235, 753, 219      |
| Freight revenue—Local cartage.....                                        | 48, 355, 774            | 52, 622, 421       |
| Revenue—Transportation for other class I and class II motor carriers..... | 42, 298, 169            | 45, 630, 539       |
| Other operating revenue.....                                              | 41, 139, 144            | 43, 086, 303       |
| Total operating revenues.....                                             | 4, 643, 018, 896        | 4, 753, 458, 349   |
| Expenses:                                                                 |                         |                    |
| Equipment maintenance expense.....                                        | 468, 647, 951           | 472, 926, 724      |
| Transportation expense.....                                               | 2, 294, 234, 834        | 2, 376, 951, 346   |
| Terminal expense.....                                                     | 631, 222, 967           | 665, 459, 192      |
| Traffic expense.....                                                      | 144, 464, 218           | 150, 833, 930      |
| Insurance and safety expense.....                                         | 190, 848, 064           | 199, 151, 862      |
| Administrative and general expense.....                                   | 263, 713, 216           | 273, 957, 559      |
| Total operation and maintenance expenses.....                             | 3, 996, 131, 250        | 4, 139, 280, 613   |
| Depreciation expense.....                                                 | 202, 204, 845           | 221, 461, 311      |
| Depreciation adjustment.....                                              | 19, 050, 771            | 17, 571, 457       |
| Amortization chargeable to operations.....                                | 62, 525                 | 39, 394            |
| Operating taxes and licenses.....                                         | 260, 906, 352           | 290, 715, 667      |
| Total expenses.....                                                       | 4, 440, 254, 201        | 4, 633, 925, 528   |
| Operating ratio (percent).....                                            | 95. 6                   | 97. 5              |
| Net operating revenue.....                                                | \$202, 764, 695         | \$119, 532, 821    |
| Other income.....                                                         | 12, 275, 807            | 14, 450, 362       |
| Other deductions.....                                                     | 45, 878, 192            | 52, 001, 389       |
| Net income before income taxes.....                                       | 169, 162, 310           | 81, 981, 794       |
| Net income after income taxes <sup>3</sup> .....                          | 92, 118, 695            | 35, 679, 053       |
| <b>LOCAL CARRIERS</b>                                                     |                         |                    |
| Number of carriers represented.....                                       | 94                      | 94                 |
| Total operating revenues.....                                             | \$290, 448, 181         | \$311, 743, 373    |
| Total expenses.....                                                       | 282, 241, 749           | 304, 295, 823      |
| Operating ratio (percent).....                                            | 97. 2                   | 97. 6              |
| Net operating revenue.....                                                | \$8, 206, 432           | \$7, 447, 550      |
| Other income.....                                                         | 4, 847, 119             | 3, 958, 475        |
| Other deductions.....                                                     | 2, 288, 002             | 1, 499, 786        |
| Net income before income taxes.....                                       | 10, 765, 549            | 9, 906, 239        |
| Net income after income taxes <sup>3</sup> .....                          | 6, 436, 276             | 5, 929, 992        |

Deficit and contra items shown in italics.

<sup>1</sup> Class I motor carriers are those having average gross operating revenues of \$1,000,000 or over annually.

<sup>2</sup> This table does not include data for 18 carriers that failed to furnish complete reports. The total figures for these 18 carriers amounted to the following for 1960: Operating revenues, \$39,019,850; operation and maintenance expenses, \$32,861,825; other expenses, \$4,514,383; total expenses, \$37,376,208; net operating revenue, \$1,643,642; net income before income taxes, \$1,455,934; net income after income taxes, \$692,247.

<sup>3</sup> Net income is overstated to the extent that income taxes are reported by corporations only. Income taxes of sole proprietorships and partnerships involve factors that do not arise from motor-carrier operations and, therefore, are not reported to the Commission.

TABLE F.—Revenues, expenses, and income of class I motor carriers <sup>1</sup> of passengers for the calendar year 1960, compared with the same carriers for 1959 <sup>2</sup>

| Item                                                 | Total carriers reported |                 |
|------------------------------------------------------|-------------------------|-----------------|
|                                                      | 1959                    | 1960            |
| <b>INTERCITY CARRIERS</b>                            |                         |                 |
| Number of carriers represented .....                 | 139                     | 139             |
| Operating revenues:                                  |                         |                 |
| Passenger revenue—Intercity schedules .....          | \$347, 525, 608         | \$358, 455, 903 |
| Passenger revenue—Local and suburban schedules ..... | 18, 549, 442            | 18, 863, 705    |
| Passenger revenue—Charter or special service .....   | 33, 095, 893            | 36, 011, 483    |
| Other operating revenue .....                        | 43, 020, 260            | 47, 031, 383    |
| Total operating revenues .....                       | 442, 191, 203           | 460, 362, 474   |
| Operating expenses:                                  |                         |                 |
| Equipment maintenance and garage expenses .....      | 64, 977, 563            | 67, 096, 376    |
| Transportation expenses .....                        | 136, 033, 507           | 143, 425, 747   |
| Station expenses .....                               | 51, 905, 709            | 55, 214, 944    |
| Traffic, solicitation, and advertising expense ..... | 14, 364, 796            | 14, 588, 288    |
| Insurance and safety expense .....                   | 15, 511, 125            | 16, 659, 836    |
| Administrative and general expense .....             | 31, 813, 483            | 33, 935, 358    |
| Total operation and maintenance expenses .....       | 314, 606, 183           | 330, 920, 549   |
| Depreciation expense .....                           | 29, 165, 560            | 29, 318, 092    |
| Amortization chargeable to operations .....          | 6, 821                  | 23, 832         |
| Operating taxes and licenses .....                   | 33, 873, 416            | 36, 295, 340    |
| Operating rents—net .....                            | 4, 957, 937             | 5, 835, 638     |
| Total expenses .....                                 | 382, 596, 275           | 402, 393, 451   |
| Operating ratio (percent) .....                      | 86. 5                   | 87. 4           |
| Net operating revenue .....                          | \$59, 594, 928          | \$57, 969, 023  |
| Other income .....                                   | 2, 249, 852             | 1, 557, 174     |
| Other deductions .....                               | 4, 048, 610             | 4, 263, 080     |
| Net income before income taxes .....                 | 57, 796, 170            | 55, 263, 117    |
| Net income after income taxes <sup>3</sup> .....     | 28, 988, 447            | 28, 088, 527    |
| <b>LOCAL CARRIERS</b>                                |                         |                 |
| Number of carriers represented .....                 | 59                      | 59              |
| Total operating revenues .....                       | \$116, 372, 284         | \$123, 696, 172 |
| Total expenses .....                                 | 112, 092, 220           | 119, 090, 257   |
| Operating ratio (percent) .....                      | 96. 3                   | 96. 3           |
| Net operating revenue .....                          | \$4, 280, 064           | \$4, 605, 915   |
| Other income .....                                   | 1, 630, 870             | 1, 879, 407     |
| Other deductions .....                               | 1, 333, 513             | 1, 274, 971     |
| Net income before income taxes .....                 | 4, 577, 421             | 5, 210, 351     |
| Net income after income taxes <sup>3</sup> .....     | 3, 717, 764             | 2, 966, 101     |

Deficit and contra items in italics.

<sup>1</sup> Class I motor carriers are those having average gross operating revenues of \$200,000 or over annually.

<sup>2</sup> This table does not include data for 7 carriers that failed to furnish complete reports. The total figures for these 7 carriers amounted to the following for 1960: Operating revenues, \$2,957,398; operation and maintenance expenses, \$2,371,656; other expenses, \$421,949; total expenses, \$2,793,605; net operating revenue, \$163,793; net income before income taxes, \$111,949; net income after income taxes, \$72,479.

<sup>3</sup> Net income is overstated to the extent that income taxes are reported by corporations only. Income taxes of sole proprietorships involve factors that do not arise from motor-carrier operations and, therefore, are not reported to the Commission.

TABLE G.—*Revenues, expenses, and statistics of freight forwarders for the years 1959 and 1960*<sup>1</sup>

| Item                                                  | Total carriers reported |                 |
|-------------------------------------------------------|-------------------------|-----------------|
|                                                       | 1959                    | 1960            |
| Number of forwarders represented.....                 | 59                      | 64              |
| Operating revenues:                                   |                         |                 |
| Transportation revenue.....                           | \$443, 273, 340         | \$437, 016, 256 |
| Transportation purchased—Dr.:                         |                         |                 |
| Railroad transportation.....                          | 201, 720, 551           | 188, 351, 121   |
| Motor transportation.....                             | 57, 327, 882            | 58, 926, 065    |
| Water transportation.....                             | 1, 049, 590             | 2, 028, 774     |
| Pickup, delivery, and transfer service.....           | 56, 612, 676            | 58, 691, 003    |
| Other transportation purchased.....                   | 1, 433, 429             | 1, 737, 444     |
| Total transportation purchased.....                   | 318, 144, 128           | 309, 734, 407   |
| Forwarder revenue from transportation.....            | 125, 129, 212           | 127, 281, 849   |
| Incidental revenues.....                              | 4, 559, 804             | 4, 437, 458     |
| Total operating revenues.....                         | 129, 689, 016           | 131, 719, 307   |
| Operating expenses:                                   |                         |                 |
| Salaries, wages, and expenses of employees.....       | 60, 889, 848            | 61, 825, 072    |
| Paid to others for services rendered.....             | 33, 692, 391            | 33, 840, 133    |
| Operating rents.....                                  | 7, 653, 081             | 8, 693, 588     |
| Communications and postage.....                       | 4, 430, 858             | 4, 315, 305     |
| Payroll taxes.....                                    | 2, 244, 768             | 2, 558, 333     |
| All other operating expenses.....                     | 13, 566, 930            | 15, 171, 489    |
| Total operating expenses.....                         | 122, 477, 876           | 126, 403, 920   |
| Income items:                                         |                         |                 |
| Revenue from forwarder operations.....                | 7, 211, 140             | 5, 315, 387     |
| Transportation tax accruals.....                      | 219, 499                | 265, 893        |
| Revenue, less taxes, from forwarder operations.....   | 6, 991, 641             | 5, 049, 494     |
| Other income.....                                     | 4, 039, 878             | 4, 556, 198     |
| Total income.....                                     | 11, 031, 519            | 9, 605, 692     |
| Miscellaneous deductions from income.....             | 3, 844, 851             | 3, 882, 553     |
| Net income before fixed charges and income taxes..... | 7, 186, 668             | 5, 723, 139     |
| Fixed charges.....                                    | 124, 536                | 124, 127        |
| Net income before provisions for income taxes.....    | 7, 062, 132             | 5, 599, 012     |
| Provisions for income taxes.....                      | 3, 159, 029             | 2, 802, 458     |
| Net income.....                                       | 3, 903, 103             | 2, 796, 554     |
| Statistics:                                           |                         |                 |
| Tons of freight received from shippers.....           | 4, 174, 158             | 4, 099, 989     |
| Number of shipments received from shippers.....       | 24, 100, 516            | 23, 120, 410    |

<sup>1</sup> Confined to forwarders having gross revenues of \$100,000 or more per annum.

TABLE H.—*Selected statistics of nonrailroad controlled private car owners,<sup>1</sup> year 1960*

| Item                                  | Refrigerator cars | Tank cars   |             | Other cars <sup>2</sup> | Total       |
|---------------------------------------|-------------------|-------------|-------------|-------------------------|-------------|
|                                       |                   | Petroleum   | Other       |                         |             |
| Cars owned at close of year.....      | 20, 429           | 78, 055     | 80, 924     | 75, 888                 | 255, 296    |
| Servicable cars.....                  | 17, 922           | 73, 232     | 80, 111     | 74, 155                 | 245, 420    |
| Unserviceable cars.....               | 2, 507            | 4, 823      | 813         | 1, 733                  | 9, 876      |
| Miles made by owned cars (thousands): |                   |             |             |                         |             |
| Loaded.....                           | 300, 282          | 525, 449    | 511, 033    | 312, 450                | 1, 649, 214 |
| Empty.....                            | 277, 504          | 526, 129    | 515, 028    | 134, 762                | 1, 453, 423 |
| Not separable.....                    | 18, 070           | 52, 423     | 42, 263     | 11, 313                 | 124, 069    |
| Total.....                            | 595, 856          | 1, 104, 001 | 1, 068, 324 | 458, 525                | 3, 226, 706 |
| Revenue receivable, on (thousands):   |                   |             |             |                         |             |
| Car mileage basis.....                | \$28, 941         | \$61, 785   | \$7, 917    | \$13, 077               | \$111, 720  |
| Car rental basis.....                 | 862               | 98, 474     | 3, 081      | 68, 772                 | 171, 189    |
| Other car service basis.....          | 14                | 88          | 1, 548      | 147                     | 1, 797      |
| Total.....                            | 29, 817           | 160, 347    | 12, 546     | 81, 996                 | 284, 706    |

<sup>1</sup> Confined to owners of 10 or more cars. Does not include railroad owned or controlled refrigerator car lines. Compiled from annual reports of 173 owners.

<sup>2</sup> Includes such cars as stock, gondola, hopper, airdump, box, cradle, flat, vat, et cetera.

TABLE I.—*Selected statistics of refrigerator carlines owned or controlled by railroads, year 1960*

| Item                                                                                               |                  |
|----------------------------------------------------------------------------------------------------|------------------|
| Number of companies represented.....                                                               | 8                |
| Operating Revenues:                                                                                |                  |
| Car service.....                                                                                   | \$102, 439, 677  |
| Icing protective service.....                                                                      | 27, 879, 345     |
| Mechanical protective service.....                                                                 | 6, 909, 426      |
| Heater service.....                                                                                | 2, 030, 919      |
| Other services.....                                                                                | 1, 987, 395      |
| Total.....                                                                                         | \$141, 246, 762  |
| Operating Expenses:                                                                                |                  |
| Car service.....                                                                                   | \$59, 060, 047   |
| Icing protective service.....                                                                      | 19, 925, 359     |
| Other icing service.....                                                                           | 6, 456, 531      |
| Mechanical protective service.....                                                                 | 7, 426, 063      |
| Heater service.....                                                                                | 2, 142, 618      |
| Miscellaneous.....                                                                                 | 3, 834, 177      |
| General.....                                                                                       | 3, 272, 149      |
| Total.....                                                                                         | \$102, 116, 944  |
| Net income after fixed charges and tax accruals.....                                               | \$13, 850, 666   |
| Carline tax accruals.....                                                                          | \$11, 028, 312   |
| Investment in cars or protective service property less recorded depreciation and amortization..... | \$310, 332, 629  |
| Rolling stock owned at close of year:                                                              |                  |
| Refrigerator cars.....                                                                             | 66, 180          |
| Other cars.....                                                                                    | 31               |
| Mileage made by owned refrigerator cars:                                                           |                  |
| Loaded.....                                                                                        | 1, 325, 331, 175 |
| Empty.....                                                                                         | 966, 509, 113    |
| Not separable.....                                                                                 | 22, 286, 474     |
| Total.....                                                                                         | 2, 314, 126, 762 |
| Total employees at close of year.....                                                              | 7, 320           |
| Total compensation for the year.....                                                               | \$38, 722, 259   |

TABLE J.—*Selected financial and operating data of oil pipeline companies, 1958, 1959, and 1960*

| Item                                                     | 1958            | 1959            | 1960            |
|----------------------------------------------------------|-----------------|-----------------|-----------------|
| Miles of line operated:                                  |                 |                 |                 |
| Gathering lines.....                                     | 49,787          | 49,567          | 49,401          |
| Trunk lines.....                                         | 94,567          | 99,592          | 102,567         |
| Investment in carrier property.....                      | \$2,948,598,146 | \$3,196,908,864 | \$3,299,501,127 |
| Capital stock <sup>1</sup> .....                         | \$351,729,165   | \$359,420,443   | \$383,826,501   |
| Funded debt unmaturred <sup>1</sup> .....                | \$1,031,883,249 | \$1,025,686,816 | \$1,055,501,963 |
| Accrued depreciation—Carrier property <sup>2</sup> ..... | \$1,115,268,995 | \$1,239,632,831 | \$1,332,190,497 |
| Operating revenues.....                                  | \$726,670,462   | \$765,232,073   | \$770,417,060   |
| Operating expenses.....                                  | \$389,677,522   | \$406,139,903   | \$417,640,213   |
| Pipeline taxes:                                          |                 |                 |                 |
| U. S. Government taxes.....                              | \$106,460,939   | \$110,838,444   | \$115,234,824   |
| Other than U. S. Government taxes.....                   | \$33,783,535    | \$36,978,117    | \$38,631,096    |
| Pipeline operating income.....                           | \$190,748,466   | \$211,275,609   | \$198,910,927   |
| Net income.....                                          | \$161,837,838   | \$182,815,269   | \$169,398,118   |
| Dividend appropriations <sup>1</sup> .....               | \$138,338,324   | \$145,442,384   | \$143,459,767   |
| Number of barrels of oil received into system.....       | 4,318,071,857   | 4,665,030,080   | 4,783,055,042   |
| Number of barrel-miles (trunk lines):                    |                 |                 |                 |
| Crude oil (thousands).....                               | 905,200,921     | 980,013,807     | 976,357,818     |
| Refined oils (thousands).....                            | 259,789,785     | 284,361,887     | 304,448,973     |
| Total employees:                                         |                 |                 |                 |
| Average number.....                                      | 23,290          | 22,152          | 21,321          |
| Compensation.....                                        | \$152,605,046   | \$152,811,552   | \$150,577,190   |

<sup>1</sup> Excludes data for 6 companies in 1958; 7 companies in 1959; and 5 companies in 1960; as the annual reports filed by these companies relate to pipeline departments of large oil companies and these items are not segregated for the pipeline departments.

<sup>2</sup> Includes "Amortization reserve" as follows: 1958, \$59,958,664; 1959, \$58,370,970; and 1960, \$47,911,634.

TABLE K.—*Revenues and traffic of carriers by water, 1959 and 1960* <sup>1</sup>

| Item                                           | 1959          | 1960          |
|------------------------------------------------|---------------|---------------|
| Freight revenue.....                           | \$315,193,085 | \$294,898,208 |
| Number of tons of revenue freight carried..... | 105,005,946   | 107,480,354   |
| Passenger revenue.....                         | 9,990,032     | 9,226,993     |
| Number of revenue passengers carried.....      | 3,350,741     | 3,198,739     |

<sup>1</sup> Compiled from quarterly reports of 114 carriers of classes A and B.

TABLE L.—*Selected financial and operating data of electric railways, 1958, 1959, and 1960*

| Item                                         | 1958          | 1959         | 1960         |
|----------------------------------------------|---------------|--------------|--------------|
| Miles of road operated.....                  | 773           | 542          | 469          |
| Investment in road and equipment.....        | \$122,864,169 | \$97,154,853 | \$87,719,770 |
| Capital stock.....                           | \$31,915,621  | \$29,151,931 | \$23,298,409 |
| Unmaturred funded debt.....                  | \$9,514,562   | \$7,225,996  | \$862,500    |
| Accrued depreciation—Road and equipment..... | \$32,365,429  | \$26,445,186 | \$26,157,404 |
| Railway operating revenues:                  |               |              |              |
| Freight revenue.....                         | \$17,081,785  | \$12,121,111 | \$10,354,240 |
| Passenger revenue.....                       | \$7,963,012   | \$8,199,392  | \$8,486,525  |
| All other revenues.....                      | \$4,887,424   | \$4,183,056  | \$3,993,532  |
| Total railway operating revenues.....        | \$29,932,221  | \$24,503,559 | \$22,834,297 |
| Total railway operating expenses.....        | \$28,588,182  | \$23,188,326 | \$21,848,931 |
| Taxes assignable to railway operations:      |               |              |              |
| Other than U. S. Government taxes.....       | \$866,245     | \$771,676    | \$674,124    |
| U. S. Government taxes.....                  | \$1,387,661   | \$1,672,730  | \$1,152,726  |
| Operating income.....                        | \$938,735     | \$1,080,892  | \$811,514    |
| Net income.....                              | \$820,358     | \$645,280    | \$545,387    |
| Dividends declared.....                      | \$204,319     | \$88,246     | \$78,554     |
| Employees:                                   |               |              |              |
| Average number.....                          | 3,193         | 2,673        | 2,301        |
| Compensation.....                            | \$10,098,199  | \$13,362,069 | \$12,880,674 |

Deficit shown in italics.

## APPENDIX C

### AUTHORIZATIONS UNDER VARIOUS SECTIONS OF THE INTERSTATE COMMERCE ACT AS AMENDED

*Certificates of convenience and necessity for construction and/or operation of lines of  
railroad under section 1(18) of the Interstate Commerce Act, as amended*

| Name of applicant                                     | Location of line                                                                 | Miles   |
|-------------------------------------------------------|----------------------------------------------------------------------------------|---------|
| Central of Ga. Ry. Co. and Savannah & Atlanta Ry. Co. | Chatham, Effingham and Burke Counties, Ga.                                       | 8. 116  |
| Chicago, Rock Island & Pacific R. Co.                 | Jackson Parish, La.                                                              | 0. 137  |
| Do.                                                   | Garfield County, Okla.                                                           | 0. 124  |
| El Dorado & Wesson Ry. Co.                            | Union County, Ark.                                                               | 2. 300  |
| Erie-Lackawanna R. Co.                                | Erie and Steuben Counties, N.Y., Susquehanna County, Pa. and Hudson County, N.J. | 3. 300  |
| Illinois Terminal R. Co.                              | Sangamon and Logan Counties, Ill.                                                | 0. 417  |
| Louisville & Nashville R. Co.                         | Polk and McMinn Counties, Tenn.                                                  | 9. 100  |
| Minneapolis & St. Louis Ry.                           | Emmett County, Iowa                                                              | 0. 090  |
| Missouri-Kansas-Texas R. Co.                          | Osage and Pawnee Counties, Okla.                                                 | 5. 180  |
| Missouri Pacific R. Co.                               | Green and Craighead Counties, Ark.                                               | 0. 449  |
| North Louisiana & Gulf R. Co.                         | Jackson Parish, La.                                                              | 0. 174  |
| Nueces County Navigation District No. 1               | Nueces County, Tex.                                                              | 4. 261  |
| Pacific Electric Ry. Co.                              | Los Angeles County, Calif.                                                       | 0. 106  |
| Pennsylvania-Reading Seashore Lines                   | Cape May County, N.J.                                                            | 2. 700  |
| St. Louis-San Francisco Ry. Co.                       | Garfield County, Okla.                                                           | 0. 119  |
| St. Marys R. Co.                                      | Camden and Charlton Counties, Ga.                                                | 20. 920 |
| Southern Pacific Co.                                  | San Joaquin County, Calif.                                                       | 0. 480  |
| Texas & New Orleans R. Co.                            | Harris County, Tex.                                                              | 1. 880  |
| Do.                                                   | Jefferson and Hardin Counties, Tex.                                              | 0. 176  |
| Western Pacific R. Co.                                | San Joaquin County, Calif.                                                       | 0. 180  |
| Total number of miles                                 |                                                                                  | 60. 289 |

|                                                        | <i>Miles</i> |
|--------------------------------------------------------|--------------|
| 22 applications filed involving                        | 99. 181      |
| 20 certificates issued authorizing                     | 60. 289      |
| 3 applications dismissed involving                     | 18. 670      |
| Authorized since effective date of act                 | 11, 568. 966 |
| Portion thereof actually constructed                   | 8, 440. 832  |
| Portion thereof deferred or abandoned                  | 2, 973. 590  |
| Portion in which time for construction has not expired | 104. 413     |

*Certificates of convenience and necessity for abandonment of lines of railroad or the operation thereof, issued under section 1(18) of the Interstate Commerce Act, as amended*

| Name of applicant                                             | Location of line                                             | Miles  |
|---------------------------------------------------------------|--------------------------------------------------------------|--------|
| Alabama Central R. Co.                                        | Walker County, Ala.                                          | 9.960  |
| Apalachicola Northern R. Co.                                  | Franklin County, Fla.                                        | 2.700  |
| Arkansas & Ozarks Ry. Corp.                                   | Barry County, Mo., and Boone and Carroll Counties, Ark.      | 71.100 |
| Atchison, Topeka & Santa Fe Ry. Co.                           | Leavenworth and Atchison Counties, Kans.                     | 20.040 |
| Do.                                                           | Santa Fe County, N. Mex.                                     | 5.000  |
| Atlantic Coast Line R. Co.                                    | Collier County, Fla.                                         | 21.100 |
| Bevier & Southern R. Co.                                      | Macon and Randolph Counties, Mo.                             | 4.790  |
| Baltimore & Ohio R. Co.                                       | Clinton and Highland Counties, Ohio                          | 20.270 |
| Boston & Maine R.                                             | Middlesex County, Mass.                                      | 3.600  |
| Do.                                                           | Essex County, Mass.                                          | 4.000  |
| Carolina Southern Ry. Co.                                     | Hertford and Bertie Counties, N.C.                           | 21.550 |
| Central of Georgia Ry. Co.                                    | Chatham, Effingham, Screven, Jenkins and Burke Counties, Ga. | 41.000 |
| Central R. Co. of N.J.                                        | Luzerne County, Pa.                                          | 2.430  |
| Chicago & Northwestern Ry. Co.                                | Dodge, Colfax, Platte and Madison Counties, Nebr.            | 65.500 |
| Do.                                                           | Woodbury County, Iowa.                                       | 1.102  |
| Do.                                                           | Turner, Clay and Yankton Counties, S. Dak.                   | 15.360 |
| Do.                                                           | Macoupin and Montgomery Counties, Ill.                       | 8.230  |
| Do.                                                           | Martin County, Minn.                                         | 9.900  |
| Chicago Aurora & Elgin Ry. Co.                                | Cook, DuPage and Kane Counties, Ill.                         | 52.850 |
| Chicago, Burlington & Quincy R. Co.                           | Warren County, Ill.                                          | 6.140  |
| Do.                                                           | Page County, Iowa.                                           | 5.400  |
| Do.                                                           | Henderson County, Ill.                                       | 4.940  |
| Do.                                                           | Henry County, Ill.                                           | 6.460  |
| Chicago, Kalamazoo & Saginaw Ry. Co.                          | Allegan County, Mich.                                        | 4.500  |
| Chicago, Milwaukee, St. Paul & Pacific R. Co.                 | Jackson, Bartholomew and Decatur Counties, Ind.              | 25.700 |
| Chicago, Rock Island & Pacific R. Co.                         | Jackson Parish, La.                                          | 0.446  |
| Do.                                                           | Garfield County, Okla.                                       | 1.980  |
| Do.                                                           | Garland County, Ark.                                         | 0.160  |
| Cleveland, Cincinnati, Chicago & St. Louis Ry.                | Union and Champaign Counties, Ohio.                          | 19.850 |
| Do.                                                           | Johnson County, Ind.                                         | 6.900  |
| Columbia & Millstadt R. Co.                                   | Monroe and St. Clair Counties, Ill.                          | 8.280  |
| Duluth, Missabe & Iron Range Ry. Co.                          | St. Louis County, Minn.                                      | 14.680 |
| Duluth, South Shore & Atlantic R. Co.                         | Chippewa County, Mich.                                       | 18.300 |
| East Jordan & Southern R. Co.                                 | Charleix and Antrim Counties, Mich.                          | 18.600 |
| Erie R. Co.                                                   | New York County, N.Y.                                        | 3.610  |
| Etna & Montrose R. Co.                                        | Allegheny County, Pa.                                        | 3.916  |
| Fort Dodge, Des Moines & S. Ry. Co.                           | Webster County, Iowa.                                        | 8.28   |
| Gulf, Colorado & S. F. Ry. Co. and Texas & New Orleans R. Co. | Fort Bend and Brazoria Counties, Tex.                        | 8.500  |
| Gulf, Mobile & Ohio R. Co.                                    | Mobile County, Ala.                                          | 1.960  |
| Hudson & Manhattan R. Co.                                     | Hudson County, N.J., and New York County, N.Y.               | 14.200 |
| Illinois Central R. Co.                                       | Tallahatchie County, Miss.                                   | 27.490 |
| Do.                                                           | Champaign and Vermilion Counties, Ill.                       | 15.930 |
| Do.                                                           | Franklin County, Ill.                                        | 4.830  |
| Do.                                                           | Sangamon and Logan Counties, Ill.                            | 27.340 |
| Ironton R. Co., Lehigh Valley R. Co. and Reading Co.          | Lehigh County, Pa.                                           | 0.980  |
| Jersey City Stock Yards, Inc.                                 | Hudson County, N.J.                                          | -----  |
| Lehigh Valley R. Co.                                          | Cayuga County, N.Y.                                          | 3.291  |
| Do.                                                           | Essex County, N.J., and New York County, N.Y.                | 12.000 |
| Do.                                                           | Luzerne County, Pa.                                          | 0.908  |
| Louisville & Nashville R. Co.                                 | Lincoln and Marshall Counties, Tenn.                         | 24.720 |
| Mahoning Coal Co. and New York Central R. Co.                 | Ashtabula and Trumbull Counties, Ohio.                       | 27.150 |
| Michigan Central R. Co. and New York Central R. Co.           | Hillsdale, Lenawee, Jackson and Washtenaw Counties, Mich.    | 29.800 |
| Minneapolis & St. Louis Ry. Co.                               | Emmett County, Iowa.                                         | 0.690  |
| Missouri-Kansas-Texas R. Co.                                  | Bell County, Tex.                                            | 7.140  |
| Do.                                                           | Tulsa, Osage and Pawnee Counties, Okla.                      | 31.070 |
| Do.                                                           | McIntosh and Pittsburgh Counties, Okla.                      | 20.480 |
| Missouri Pacific R. Co.                                       | Greene and Craighead Counties, Ark.                          | 13.730 |
| Do.                                                           | Hidalgo County, Tex.                                         | 7.560  |
| Monongahela Ry. Co.                                           | Fayette County, Pa.                                          | 0.740  |
| New York Central R. Co.                                       | Franklin County, N.Y.                                        | 30.500 |
| Do.                                                           | Ashtabula County, Ohio.                                      | 5.800  |
| Do.                                                           | LaGrange County, Ind., and St. Joseph County, Mich.          | 10.500 |
| Do.                                                           | Morgan and Perry Counties, Ohio.                             | 10.100 |
| Do.                                                           | Eric County, N.Y.                                            | 3.100  |
| New York, New Haven & Hartford R. Co.                         | Litchfield County, Conn.                                     | 0.062  |
| Do.                                                           | Berkshire County, Mass.                                      | 2.640  |
| Do.                                                           | Middlesex and Hartford Counties, Conn.                       | 4.130  |

*Certificates of convenience and necessity for abandonment of lines of railroad or the operation thereof, issued under section 1(18) of the Interstate Commerce Act, as amended—Continued*

| Name of applicant                                                           | Location of line                                                    | Miles     |
|-----------------------------------------------------------------------------|---------------------------------------------------------------------|-----------|
| Northern Pacific Ry. Co.....                                                | Whitman County, Wash.....                                           | 5.330     |
| Pacific Electric Ry. Co.....                                                | Los Angeles County, Calif.....                                      | 3.310     |
| Do.....                                                                     | San Bernardino, Calif.....                                          | 7.329     |
| Do.....                                                                     | Orange County, Calif.....                                           | 5.218     |
| Pennsylvania R. Co.....                                                     | Kent and Ottawa Counties, Mich.....                                 | 7.310     |
| Do.....                                                                     | Westmoreland County, Pa.....                                        | 6.570     |
| Do.....                                                                     | Luzerne County, Pa.....                                             | 11.780    |
| Pennsylvania R. Co and Philadelphia, Balti-<br>more & Washington R. Co..... | Whitley County, Ind.....                                            | 7.810     |
| Preston R. Co.....                                                          | Garrett County, Md.....                                             | 3.361     |
| Reading Co.....                                                             | Lehigh County, Pa.....                                              | 3.530     |
| Do.....                                                                     | Berks County, Pa.....                                               | 1.930     |
| Do.....                                                                     | Northumberland County, Pa.....                                      | 2.013     |
| Do.....                                                                     | Schuylkill County, Pa.....                                          | 0.044     |
| Do.....                                                                     | Northumberland County, Pa.....                                      | 0.473     |
| Do.....                                                                     | Columbia and Northumberland Counties, Pa.....                       | 0.733     |
| Do.....                                                                     | Montour County, Pa.....                                             | 0.415     |
| Rutland Ry. Corp.....                                                       | Addison County, Vt.....                                             | 3.100     |
| St. Louis & Troy R. Co.....                                                 | Lincoln County, Mo.....                                             | 5.200     |
| San Diego & Arizona Eastern Ry. Co.....                                     | San Diego County, Calif.....                                        | 1.187     |
| Sanford & Eastern R. Corp.....                                              | York and Cumberland Counties, Maine.....                            | 31.770    |
| Savannah & Atlanta Ry. Co.....                                              | Chatham, Effingham, Screven, Jenkins and<br>Burke Counties, Ga..... | 36.000    |
| Savannah Union Station.....                                                 | Chatham County, Ga.....                                             | 11.060    |
| Seaboard Airline R. Co.....                                                 | Highlands County, Fla.....                                          | 10.000    |
| Southern Pacific Co.....                                                    | Cochise County, Ariz.....                                           | 9.931     |
| Do.....                                                                     | Sutter County, Calif.....                                           | 1.122     |
| Do.....                                                                     | San Joaquin County, Calif.....                                      | 1.072     |
| Do.....                                                                     | Fresno, Calif.....                                                  | 4.356     |
| Tallulah Falls Ry. Co.....                                                  | Habersham and Rabon Counties, Ga.....                               | 57.100    |
| Texas & New Orleans R. Co.....                                              | Harris County, Tex.....                                             | 5.430     |
| Do.....                                                                     | Jefferson and Hardin Counties, Tex.....                             | 8.070     |
| Do.....                                                                     | Nueces County, Tex.....                                             | 1.940     |
| Do.....                                                                     | Lavaca County, Tex.....                                             | 1.050     |
| United New Jersey R. & Canal Co. and<br>Pennsylvania R. Co.....             | Hudson County, N.Y.....                                             | 1.060     |
| Wadley Southern Ry. Co.....                                                 | Emanuel and Jefferson Counties, Ga.....                             | 23.170    |
| Western Pacific R. Co.....                                                  | San Joaquin County, Calif.....                                      | 1.520     |
| Total number of miles.....                                                  |                                                                     | 1,159.707 |

*Miles*

|                                                         |            |
|---------------------------------------------------------|------------|
| 98 applications filed involving.....                    | 1,140.538  |
| 101 certificates issued permitting abandonment.....     | 1,167.159  |
| 6 applications dismissed involving.....                 | 376.320    |
| 4 applications denied involving.....                    | 139.900    |
| Abandonments permitted since effective date of act..... | 46,102.980 |

*Certificates of convenience and necessity for acquisition and/or operation of lines of railroad issued under section 1(18) of the Interstate Commerce Act, as amended*

| Name of applicant                                                                                                                                                                | Location of line                       | Miles   |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|---------|
| Belt Ry. Co. of Chicago.....                                                                                                                                                     | Cook County, Ill.....                  | 10.6    |
| Belton R. Co.....                                                                                                                                                                | Bell County, Tex.....                  | 7.14    |
| Camp Lejeune R. Co.....                                                                                                                                                          | Carteret and Craven Counties, N.C..... | 35.9    |
| Illinois Central R. Co., Pennsylvania R. Co.,<br>Chicago, South Shore & South Bend R.,<br>Belt Ry. Co. of Chicago, New York Central<br>R. Co. and Indiana Harbor Belt R. Co..... | Cook County, Ill.....                  | 10.6    |
| Illinois Central R. Co.....                                                                                                                                                      | St. Clair County, Ill.....             | 11.0    |
| Iowa Term. R. Co.....                                                                                                                                                            | Cerro Gordo County, Iowa.....          | 19.66   |
| New York Central R. Co.....                                                                                                                                                      | Cook County, Ill.....                  | 10.6    |
| Seaboard Air Line R. Co.....                                                                                                                                                     | Effingham County, Ga.....              | 1.84    |
| Total number of miles.....                                                                                                                                                       |                                        | 107.340 |

|                                        |         |
|----------------------------------------|---------|
| 8 applications filed involving.....    | 81.974  |
| 8 certificates issued involving.....   | 107.340 |
| 1 application denied involving.....    | 6.500   |
| 1 application dismissed involving..... | 20.570  |

*Authorization under section 5(2) of the Interstate Commerce Act as amended,  
involving railroad properties*

| Acquiring carrier                                                                 | Owning carrier                                                                                                           | Miles     | How acquired     |
|-----------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|-----------|------------------|
| American Can Co.....                                                              | Sumter & Choctaw Ry. Co.....                                                                                             | 3.55      | Control.         |
| Boise Cascade Corp.....                                                           | Craig Mountain Ry. Co.....                                                                                               | 7.27      | Do.              |
| Boston & Maine R.....                                                             | Central Vermont Ry., Inc.....                                                                                            | 14.0      | Trackage rights. |
| Central of Ga. Ry. Co.....                                                        | Savannah & Atlanta Ry. Co.....                                                                                           | 77.0      | Do.              |
| Chicago & Northwestern Ry. Co.....                                                | Minneapolis & St. Louis Ry. Co.....                                                                                      | 1,391.35  | Purchase.        |
| Chicago, Rock Island & Pacific R. Co.....                                         | North Louisiana & Gulf R. Co.....                                                                                        | 1.03      | Acquisition.     |
| Do.....                                                                           | St. L.-San Francisco Ry. Co. and<br>Atchison, Topeka & Santa Fe<br>Ry. Co.....                                           | 3.25      | Trackage rights. |
| Chicago, South Shore & South Bend R.<br>Duluth, South Shore & Atlantic R. Co..... | Illinois Central R. Co.....                                                                                              | 14.2      | Do.              |
|                                                                                   | Minneapolis, St. Paul & S. Ste.<br>Marie R. Co. and Wisconsin<br>Central R. Co.....                                      | 1,574.21  | Merger.          |
| Erie R. Co.....                                                                   | Delaware, Lackawanna & West-<br>ern R. Co.....                                                                           | 914.0     | Do.              |
| Edward Hines Lumber.....                                                          | Sumpter Valley R. Co.....                                                                                                | 65.0      | Control.         |
| Hudson & Manhattan R. Co., Hud-<br>son Rapid Tubes Corp.....                      | Pennsylvania R. Co.....                                                                                                  | 6.3       | Trackage rights. |
| Illinois Central R. Co.....                                                       | Peabody Short Line R.....                                                                                                | 11.0      | Purchase.        |
| Do.....                                                                           | do.....                                                                                                                  | 10.0      | Control.         |
| Do.....                                                                           | Peoria & Eastern Ry.....                                                                                                 | 18.47     | Trackage rights. |
| Illinois Term. R. Co.....                                                         | Illinois Central R. Co.....                                                                                              | 32.51     | Do.              |
| Maine Central R. Co.....                                                          | Canadian National Rys.....                                                                                               | 12.7      | Do.              |
| Michigan Central R.....                                                           | Detroit, Hillsdale & S.W. R. Co.....                                                                                     | 64.72     | Purchase.        |
| Minneapolis & St. Louis Ry. Co.....                                               | Chicago, Rock Island & Pacific<br>R. Co.....                                                                             | 1.485     | Trackage rights. |
| Missouri Pac. R. Co.....                                                          | St. Louis-Southwestern Ry. Co.....                                                                                       | 13.628    | Do.              |
| New York Central R. Co.....                                                       | Cleveland Union Stock Yards Co.....                                                                                      |           | Lease.           |
| Do.....                                                                           | Pennsylvania R. Co.....                                                                                                  | 22.124    | Trackage rights. |
| New York Central R. Co. (Del.).....                                               | New York Central R. Co.....                                                                                              | 10,264.17 | Merger.          |
| New York Central R. Co.....                                                       | Baltimore & Annapolis R. Co.,<br>Ware River R. Co., Pittsfield<br>& N. Adams R. Corp. and<br>Beech Creek Ext. R. Co..... | 433.17    | Do.              |
| New York, New Haven & Hartford<br>R. Co. and New York Central R.<br>Co.....       | Boston Term. Corp.....                                                                                                   |           | Joint use.       |
| New York, New Haven & Hartford<br>R. Co.....                                      | New York Central R. Co.....                                                                                              |           | Do.              |
| Norfolk & Western Ry. Co.....                                                     | Baltimore & Ohio R. Co.....                                                                                              | 1.0       | Purchase.        |
| North Louisiana & Gulf R. Co.....                                                 | Chicago, Rock Island & Pacific<br>R. Co.....                                                                             | .3        | Acquisition.     |
| Do.....                                                                           | do.....                                                                                                                  | 1.03      | Trackage rights. |
| Nueces County Navigation Dis. No. 1.....                                          | Missouri Pacific R. Co., Texas<br>Mexican Ry. Co. and Texas &<br>New Orleans R. Co.....                                  | 6.761     | Joint use.       |
| Pacific Electric Ry. Co.....                                                      | Southern Pacific Co.....                                                                                                 | 5.675     | Trackage rights. |
| Pennsylvania R. Co.....                                                           | Grand Trunk Western R. Co.....                                                                                           | 7.23      | Do.              |
| Do.....                                                                           | Potomac Edison Co.....                                                                                                   | 1.18      | Purchase.        |
| Samuel M. Pinsly.....                                                             | Frankfort & Cincinnati R. Co.....                                                                                        | 56.46     | Control.         |
| Portland Terminal Co.....                                                         | Maine Central R. Co.....                                                                                                 | 7.098     | Purchase.        |
| Seaboard Air Line R. Co.....                                                      | Atlantic Coast Line R. Co.....                                                                                           | 1.8       | Trackage rights. |
| Do.....                                                                           | do.....                                                                                                                  | 1.008     | Do.              |
| Southern Pacific Co.....                                                          | Atchison & Santa Fe Ry. Co.....                                                                                          | 1.288     | Do.              |
| Southern Ry. Co.....                                                              | Interstate R. Co.....                                                                                                    | 88.0      | Control.         |
| Do.....                                                                           | Camp Lejeune R. Co.....                                                                                                  | 35.9      | Do.              |
| Do.....                                                                           | Clinchfield R. Co.....                                                                                                   | 11.7      | Trackage rights. |
| Southern Ry. Co., Baltimore & Ohio<br>R. Co. and Monon R.....                     | Kentucky & Indiana Terminal R.<br>Co.....                                                                                | 138.0     | Joint use.       |
| Southern Ry. Co.....                                                              | Elbertson Southern Ry. Co.....                                                                                           | 50.4      | Lease.           |
| Texas & New Orleans R. Co.....                                                    | Harris Co. Houston Ship Chan-<br>nel Navigation District.....                                                            | 3.27      | Trackage rights. |
| Texas & New Orleans R. Co.....                                                    | Atchison, Topeka & Santa Fe Ry.<br>Co.....                                                                               | 9.2       | Trackage rights. |
| Do.....                                                                           | Nueces Co. Navigation District<br>No. 1.....                                                                             | 4.261     | Do.              |
| Texas & Pacific Ry. Co. and Chicago,<br>Rock Island & Pacific R. Co.....          | Great Southwest R., Inc.....                                                                                             | 1.79      | Control.         |
| Western Pacific R. Co.....                                                        | Atchison, Topeka & Santa Fe<br>Ry. Co.....                                                                               | 0.78      | Trackage rights. |
| Winston-Salem Southbound Ry. Co.<br>and Atlantic Coast Line R. Co.....            | High Point, Thomasville & Den-<br>ton R. Co.....                                                                         | 34.78     | Control.         |

61 applications filed.

49 applications granted.

1 application denied.

7 applications dismissed.

*Authorizations under the Interstate Commerce Act for unifications and transfers involving water carriers and freight forwarders*

| Acquiring carrier                      | From                                       | How acquired                       |
|----------------------------------------|--------------------------------------------|------------------------------------|
| American Commercial Barge Line Co..... | Commercial Barge Lines, Inc.....           | Merger.                            |
| Hoffman Towboat Co.....                | Warren Fred Hoffman.....                   | Water carrier permit transfer.     |
| Pittsburgh Towing.....                 | Charles Zubik.....                         | Do.                                |
| S & J Camp Service, Inc.....           | Sam Sheiman.....                           | Freight forwarder permit transfer. |
| Smith Tug & Barge Co.....              | Wilbur J. Smith and Longview Tug-board Co. | Water carrier permit transfer.     |
| Washington Island Ferry Line, Inc..... | Arni J. Richter.....                       | Do.                                |

11 applications filed.

1 application dismissed.

*Authorizations under section 5(2) of the Interstate Commerce Act, as amended, for unifications involving the 100 largest motor carriers of property*

| Acquiring carrier                                                                                       | 1960<br>Revenues<br>(000) | Rank | Acquired carrier                                                                    | Revenues |        | Rank | How acquired          |
|---------------------------------------------------------------------------------------------------------|---------------------------|------|-------------------------------------------------------------------------------------|----------|--------|------|-----------------------|
|                                                                                                         |                           |      |                                                                                     | Year     | (000)  |      |                       |
| Associated Transport, Inc.-----                                                                         | 72,341                    | 2    | Keystone Motor Express, Inc.-----                                                   | 1960     | 2,244  |      | Control. <sup>1</sup> |
| Associated Truck Lines, Inc.-----                                                                       | 16,731                    | 45   | Geo. F. Alger Co.-----                                                              | 1960     | 4,780  |      | Purchase.             |
| Automobile Transport, Inc.-----                                                                         | 19,092                    | 35   | Automotive Conveying Co. of New Jersey, Inc.-----                                   | 1960     | 4,594  |      | Purchase.             |
| Branch Motor Express Co.-----                                                                           | 11,704                    | 87   | Wm. G. McCormick, Inc.-----                                                         | 1960     | 249    |      | Purchase.             |
| Buckingham Freight Lines-----                                                                           | 14,873                    | 60   | Wilson Storage and Transfer Co.-----                                                | 1960     | 6,283  |      | Do.                   |
|                                                                                                         |                           |      | Herbert P. McCormack, d/b/a McCormack Transportation Co.-----                       | 1960     | 370    |      | Do.                   |
| Burlington Truck Lines, Inc.-----                                                                       | 16,220                    | 51   | Filberry Freight Lines, Inc.-----                                                   | 1957     | 197    |      | Purchase.             |
| Central Motor Lines, Inc.-----                                                                          | 12,668                    | 77   | Terminal Transfer, Inc.-----                                                        | 1960     | 212    |      | Merger.               |
| Chemical Tank Lines, Inc.-----                                                                          | 17,301                    | 39   | Leaman Transportation Corp.-----                                                    | 1960     | 3,598  |      | Do.                   |
|                                                                                                         |                           |      | Leaman Transportation Company, Inc.-----                                            | 1960     | 2,324  |      | Do.                   |
| Commercial Motor Freight, Inc. (Ohio)-----                                                              | 17,052                    | 43   | Fletcher Freight Lines, Inc.-----                                                   | 1960     | 939    |      | Do.                   |
| Consolidated Freightways, Inc., <sup>2</sup> and Consolidated Freightways Corporation of Delaware.----- | 99,935                    | 1    | Knaus Truck Lines, Inc.-----                                                        | 1960     | 5,599  |      | Control. <sup>1</sup> |
|                                                                                                         |                           |      | Earl Houk, d/b/a Western Nebraska Transport Service, Inc.-----                      | 1959     | 323    |      | Purchase.             |
| Cooper-Jarrett, Inc.-----                                                                               | 16,771                    | 44   | R. J. Crouthamel-----                                                               | 1959     | 191    |      | Do.                   |
| Dallas & Mavis Forwarding Co., Inc.-----                                                                | 13,838                    | 68   | Foster Freight Lines, Inc.-----                                                     | 1960     | 7,453  |      | Do.                   |
| Denver-Chicago Trucking Co., Inc.-----                                                                  | 40,588                    | 12   | Atlantic Freight Lines, Inc.-----                                                   | 1960     | 2,858  |      | Do.                   |
| Eastern Express, Inc.-----                                                                              | 32,317                    | 17   | G. M. S. Trucking, Inc.-----                                                        | 1959     | 353    |      | Do.                   |
|                                                                                                         |                           |      | Denver-Chicago Trucking Co., Inc., of Kentucky-----                                 | 1960     | 875    |      | Merger.               |
| The Emery Transportation Co.-----                                                                       | 17,385                    | 38   | Rapid Motor Lines, Inc. (Irving Groob, trustee)-----                                | 1958     | 875    |      | Purchase.             |
| Garrett Freightlines, Inc.-----                                                                         | 18,230                    | 37   | The Smith Transfer Co., Inc.-----                                                   | 1960     | 57     |      | Merger.               |
| Gordons Transport, Inc.-----                                                                            | 17,063                    | 41   | Little Audrey's Transportation Company, Inc.-----                                   | 1960     | 5,321  |      | Control.              |
|                                                                                                         |                           |      | Rice Truck Lines-----                                                               | 1960     | 1,266  |      | Purchase.             |
| Hall's Motor Transit Co.-----                                                                           | 14,039                    | 66   | England Bros. Truck Lines, Inc.-----                                                | 1960     | 2,014  |      | Merger.               |
|                                                                                                         |                           |      | Hayes Freight Lines, Inc.-----                                                      | 1960     | 9,935  |      | Purchase.             |
|                                                                                                         |                           |      | Buch Express, Inc.-----                                                             | 1959     | 3,946  |      | Merger.               |
|                                                                                                         |                           |      | Bingaman Motor Express Co., Inc.-----                                               | 1960     | 916    |      | Control.              |
|                                                                                                         |                           |      | Brooks Transportation Co., Inc.-----                                                | 1960     | 7,292  |      | Merger.               |
| Hemingway Brothers Interstate Trucking Co.-----                                                         | 12,014                    | 85   | San Juan Basin Lines, Inc.-----                                                     | 1959     | 425    |      | Do.                   |
| Illinois-California Express, Inc.-----                                                                  | 25,266                    | 27   | Charles M. Haderlie-----                                                            | 1959     | 28     |      | Purchase.             |
| Interstate Motor Lines, Inc.-----                                                                       | 20,415                    | 31   | Red Star Transit Co., Inc.-----                                                     | 1959     | 8,908  |      | Merger.               |
| Jones Motor Co., Inc.-----                                                                              | 16,278                    | 50   | Summit Fast Freight, Inc.-----                                                      | 1960     | 5,110  |      | Control.              |
| Lee Way Motor Freight, Inc.-----                                                                        | 12,241                    | 82   | Water-Land Truck Lines-----                                                         | 1960     | 430    |      | Purchase.             |
| Los Angeles-Seattle Motor Express, Inc.-----                                                            | 13,945                    | 67   | Homey Hennick (Katherine G. Brown, executrix), d/b/a Harlon Transportation Co.----- | 1959     |        |      | Purchase.             |
| E. Brook Matlack, Inc.-----                                                                             | 19,407                    | 33   | Brooks Truck Lines, Inc.-----                                                       | 1960     | 676    |      | Control.              |
| Narajo Freight Lines, Inc.-----                                                                         | 27,887                    | 22   | San Leandro Freight Lines, Inc.-----                                                | 1960     | 75     |      | Do.                   |
|                                                                                                         |                           |      | Consolidated Freightways Corporation of Delaware-----                               | 1960     | 99,935 | 1    | Purchase.             |
| New York Consolidated Freightways Corp.-----                                                            | 7,028                     |      | Royal Transit, Inc.-----                                                            | 1960     | 1,405  |      | Purchase.             |
| Norwalk Truck Lines, Inc.-----                                                                          | 26,894                    | 24   | Bond Trucking Co.-----                                                              | 1960     | 172    |      | Merger.               |
| Pacific Intermountain Express Co.-----                                                                  | 58,304                    | 4    |                                                                                     |          |        |      |                       |

|                                           |         |    |                                                               |      |        |                        |
|-------------------------------------------|---------|----|---------------------------------------------------------------|------|--------|------------------------|
| Ringsby Truck Lines, Inc.....             | 17, 187 | 40 | Arizona-Pacific Tank Lines.....                               | 1960 | 1, 384 | Control.               |
| Ruan Transport Corp.....                  | 13, 192 | 73 | Hillside Transit Co., Inc.....                                | 1960 | 3, 463 | Purchase (portion).    |
| St. Johnsburg Trucking Co., Inc.....      | 11, 641 | 88 | Cooke-McFarland Transportation, Inc.....                      | 1960 | 757    | Merger.                |
| The Santa Fe Trail Transportation Co..... | 13, 133 | 74 | Meddock Truck Line.....                                       | 1960 | 332    | Purchase. <sup>1</sup> |
| Spector Freight System, Inc.....          | 43, 370 | 8  | Great American Transport, Inc.....                            | 1960 | 1, 363 | Merger.                |
| Super Service Motor Freight Co., Inc..... | 13, 836 | 69 | Steffke Freight Co.....                                       | 1960 | 8, 443 | Control.               |
| T.I.M.E. Freight, Inc.....                | 16, 515 | 48 | Super Service Motor Freight Company, Inc., of New Jersey..... | 1959 | 81     | Merger.                |
| Wilson Freight Forwarding Co.....         | 19, 619 | 32 | American Transfer & Storage Co.....                           | 1960 | 168    | Purchase (portion).    |
| Yale Transport Corp.....                  | 17, 053 | 42 | Interstate Dispatch, Inc.....                                 | 1960 | 5, 412 | Control.               |
|                                           |         |    | Chelsea Contracting & Trucking Co.....                        | 1960 | 260    | Purchase (portion).    |

<sup>1</sup> Petition for reconsideration pending.

<sup>2</sup> Holding company.

<sup>3</sup> Civil action to review the authorization pending in district court.

## APPENDIX D

### RAILROAD COMPANIES IN REORGANIZATION (OR RECEIVERSHIP) PROCEEDINGS

|                                                             | <i>Miles of<br/>line oper-<br/>ated <sup>1</sup></i> |
|-------------------------------------------------------------|------------------------------------------------------|
| Proceedings under section 77 of the Bankruptcy Act:         |                                                      |
| Atlantic & Danville Railway Company-----                    | 214                                                  |
| Boston & Providence Railroad Corporation <sup>2</sup> ----- | 64                                                   |
| New Jersey & New York Railroad Company-----                 | 38                                                   |
| Proceedings under chapter X of the Bankruptcy Act:          |                                                      |
| Hudson & Manhattan Railroad Company-----                    | 8                                                    |
| Receivership proceedings:                                   |                                                      |
| Georgia & Florida Railroad-----                             | 321                                                  |
| Waco, Beaumont, Trinity & Sabine Railway Company-----       | 18                                                   |
| Tennessee Railroad Company-----                             | 57                                                   |

<sup>1</sup> As of June 30, 1961.

<sup>2</sup> Owned mileage 64. Leased to Old Colony Railroad Company; operated by New York, New Haven & Hartford Railroad Company.

#### *Mileage of line-haul railroads operated by receivers or trustees at various dates*

| Year <sup>1</sup> | Miles of road<br>operated by<br>receivers at<br>close of year | Miles of road<br>operated by<br>trustees at<br>close of year | Miles of road<br>operated by<br>both receivers<br>and trustees<br>at close of<br>year | Total miles<br>of road oper-<br>ated at close<br>of year. All<br>line-haul<br>companies | Percent of<br>total mileage<br>operated by<br>receivers or<br>trustees |
|-------------------|---------------------------------------------------------------|--------------------------------------------------------------|---------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|------------------------------------------------------------------------|
| 1895-----         | 37,855.80                                                     | -----                                                        | 37,855.80                                                                             | 177,746                                                                                 | 21.30                                                                  |
| 1900-----         | 4,177.91                                                      | -----                                                        | 4,177.91                                                                              | 192,556                                                                                 | 2.17                                                                   |
| 1905-----         | 795.82                                                        | -----                                                        | 795.82                                                                                | 216,974                                                                                 | .37                                                                    |
| 1910-----         | 5,257.03                                                      | -----                                                        | 5,257.03                                                                              | 240,831                                                                                 | 2.18                                                                   |
| 1915-----         | 30,223.05                                                     | -----                                                        | 30,223.05                                                                             | 257,569                                                                                 | 11.73                                                                  |
| 1920-----         | 16,290.17                                                     | -----                                                        | 16,290.17                                                                             | 259,941                                                                                 | 6.27                                                                   |
| 1925-----         | 18,686.99                                                     | -----                                                        | 18,686.99                                                                             | 258,631                                                                                 | 7.23                                                                   |
| 1930-----         | 9,486.28                                                      | -----                                                        | 9,486.28                                                                              | 260,440                                                                                 | 3.64                                                                   |
| 1935-----         | 15,920.00                                                     | 52,425.00                                                    | 68,345.00                                                                             | 252,930                                                                                 | 27.02                                                                  |
| 1940-----         | 11,658.00                                                     | 63,612.00                                                    | 75,270.00                                                                             | 245,740                                                                                 | 30.63                                                                  |
| 1945-----         | 5,088.00                                                      | 34,626.00                                                    | 39,714.00                                                                             | 239,438                                                                                 | 16.59                                                                  |
| 1950-----         | 638.00                                                        | 11,585.00                                                    | 12,223.00                                                                             | 236,857                                                                                 | 5.16                                                                   |
| 1955-----         | 441.00                                                        | 1,497.00                                                     | 1,938.00                                                                              | 233,955                                                                                 | .83                                                                    |
| 1956-----         | 982.00                                                        | 612.00                                                       | 1,594.00                                                                              | 233,509                                                                                 | .68                                                                    |
| 1957-----         | 441.00                                                        | 612.00                                                       | 1,053.00                                                                              | 232,177                                                                                 | .45                                                                    |
| 1958-----         | 427.00                                                        | 613.00                                                       | 1,040.00                                                                              | 231,494                                                                                 | .45                                                                    |
| 1959-----         | 484.00                                                        | 613.00                                                       | 1,097.00                                                                              | 230,933                                                                                 | .48                                                                    |
| 1960-----         | 435.00                                                        | 824.00                                                       | 1,259.00                                                                              | 230,169                                                                                 | .55                                                                    |

<sup>1</sup> As of June 30, 1895 to 1915, inclusive. As of December 31, 1920 to 1960, inclusive.

## APPENDIX E

### STATEMENT OF APPROPRIATION AND OBLIGATION FOR THE FISCAL YEAR ENDED JUNE 30, 1961

An Act making appropriations for sundry independent, executive bureaus, boards, commissions, corporations, agencies, and offices, for the fiscal year ending June 30, 1961, and for other purposes. (Public Law 86-626, 86th Congress, approved July 12, 1960.)

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                     |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| Salaries and expenses: For necessary expenses of the Interstate Commerce Commission, including not to exceed \$5,000 for the employment of special counsel; services as authorized by section 15 of the Act of August 2, 1946 (5 U.S.C. 55a), at rates not to exceed \$50 per diem for individuals; and purchase of not to exceed 33 passenger motor vehicles of which 27 shall be for replacement only; \$20,138,500, of which not less than \$1,567,000 shall be available for expenses necessary to carry out railroad safety activities and not less than \$1,094,500 shall be available for expenses necessary to carry out locomotive inspection activities: <i>Provided</i> , That Joint Board members and cooperating State commissioners may use Government transportation requests when traveling in connection with duties as such..... | \$20, 138, 500      |
| Third Supplemental Appropriation Act, 1961, Public Law 87-14, 87th Congress, approved March 31, 1961—Providing for increased pay costs for the fiscal year 1961.....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 1, 313, 000         |
| Amount available.....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <u>21, 451, 500</u> |

Obligations and unobligated balance of appropriation as of June 30, 1961. The obligations shown represent net obligation after deducting reimbursements from non-Federal sources and all credits for services and salaries charged to other Government activities.

Net obligations under appropriation for the fiscal year ended June 30, 1961:

|                                       |                     |
|---------------------------------------|---------------------|
| Salaries and expenses.....            | <u>21, 444, 458</u> |
| Unobligated balance of appropriation: |                     |
| Salaries and expenses.....            | <u>7, 042</u>       |

Statement of receipts from fees and charges during the fiscal year ended June 30, 1961:

|                                                                                                                       |                 |
|-----------------------------------------------------------------------------------------------------------------------|-----------------|
| Fees and other charges for administrative, professional, and scientific services, not otherwise classified.....       | 3, 656          |
| Earned fees, fees for permits and licenses not otherwise classified.....                                              | 6, 310          |
| Duplication of records and other documents; and sale of publications and reproductions, not otherwise classified..... | 33, 402         |
| Fees and other charges for miscellaneous services, not otherwise classified.....                                      | 15, 210         |
| Fees and other charges for special benefits, not otherwise classified.....                                            | 281, 848        |
| Total receipts from fees and charges.....                                                                             | <u>340, 426</u> |



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